



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Dear Governor Kempthorne:

On October 10, 2002, you commissioned the Governor's 2020 Blue Ribbon Task Force. The Task Force has worked diligently since its inception to assess the immediate and long-term needs of the State of Idaho, perform an objective analysis of the organization and structure of State Government, and make recommendations that will align the operations of the State Government to meet the demands of the 21st Century.

We believe we have met your initial expectation to produce a blueprint that will guide development of an efficient, effective system of government to serve Idaho for at least the next 20 years.

On behalf of the Governor's 2020 Blue Ribbon Task Force, we are pleased to present this final report for your consideration and action. On behalf of the Task Force members, thank you for the opportunity to serve on this important project.

Sincerely,

Chuck Winder
Co-Chair



J.D. Williams
Co-Chair



317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report Table of Contents

- Section 1 – Vision/Mission
- Section 2 – Membership
- Section 3 – Executive Summary
- Section 4 – Milestones and Agendas
- Section 5 – Government and Organizational Structure Recommendations
- Section 6 – Government and Organizational Structure Agendas and Minutes
- Section 7 – Revenue and Economic Development Recommendations
- Section 8 – Revenue and Economic Development Agendas and Minutes
- Section 9 – Health and Human Services Recommendations
- Section 10 – Health and Human Services Agendas and Minutes
- Section 11 – Education Recommendations
- Section 12 – Education Agendas and Minutes
- Section 13 – Public Safety, Transportation, and Natural Resources Recommendations
- Section 14 – Public Safety, Transportation, and Natural Resources Agendas and Minutes
- Section 15 – Action Summary

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 1

Vision/Mission

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

MESSAGE FROM GOVERNOR DIRK KEMPTHORNE

DATE: October 10, 2002

TO: **Governor's 2020 Blue Ribbon Task Force**
Chuck Winder and J.D. Williams, Co-Chairs
2020 Task Force Members



Thank you for serving on the 2020 Task Force. This may be the most comprehensive and diverse group ever formed to examine the way we govern ourselves in Idaho. The Task Force includes a broad cross-section of Idaho's society and economy. Each of you brings unique talent and ability to this important endeavor. While there may be different backgrounds or experiences among individual members of the Task Force, I believe each of you will recognize that the success of this Task Force — and ultimately the true benefit to Idaho — will come when you join forces to contribute your full talents and wisdom to this important project.

The Task Force's mission is to assess the immediate and long-term needs of the State of Idaho, perform an objective analysis of the organization and structure of State Government, and make recommendations that will align the operations of State Government to meet the demands of the 21st Century.

The Task Force's objectives include:

1. Analyze core services and essential programs; identify priorities for State Government in Idaho for the next 20 years.
2. Evaluate redundant and ineffective services; outline opportunities to improve efficiencies and productivity through modernization, consolidation and privatization of government programs.
3. Recommend opportunities for aggressive use of cost effective technology in order to enhance accessibility and productivity.
4. Examine the financing of State government, including a comprehensive review of current and alternative revenue sources.

The 2020 Task Force represents the most intense, the most focused, and the most thorough examination of our governmental structure in nearly a quarter of a century. This Task Force has the potential today to make sufficient contributions toward reshaping and designing tomorrow's government.

It will take some commitment of your time to produce a blueprint that will guide development of an efficient, effective system of government that we hope will serve Idaho for at least the next 20 years. But, I'm confident that you, and your fellow members have the experience and ability to achieve the goals I'm establishing and I pledge to you the full support of my administration.

Thank you again for accepting the challenge to help in this important project.



TASK FORCE MISSION

The mission of the Governor’s 2020 Task Force is to assess the immediate and long-term needs of the State of Idaho, perform an objective analysis of the organization and structure of State Government, and make recommendations that will align the operations of State Government to meet the demands of the 21st Century.

OBJECTIVES

1. Analyze core services and essential programs; identify priorities for State Government in Idaho for the next 20 years.
2. Evaluate redundant and ineffective services; outline opportunities to improve efficiencies and productivity through modernization, consolidation and privatization of government programs.
3. Recommend opportunities for aggressive use of cost effective technology in order to enhance accessibility and productivity.
4. Examine the financing of State Government, including a comprehensive review of current and alternative revenue sources.

MEMBERSHIP

The **Task Force** consisted of two Co-Chairs, forty-eight (48) additional members, five Key Committees with two Co-Chairs each, five Support Team Members and other support staff. A **Steering Committee** was comprised of the Task Force Co-Chairs, the Key Committee Chairs and the Support Team Leader. (See Tab 3 for a list of Task Force members, and Tabs 5, 7, 9, 11, and 13 for Key Committee Chairs and Members.)

RESPONSIBILITIES OF CO-CHAIRS

- Manage and direct overall Task Force activities.
- Provide resources to Key Committees and Members to achieve objectives.
- Monitor and communicate Task Force progress.
- Oversee Task Force website, press releases, and articles.
- Review and finalize intermediate and long-term findings, recommendations and action plans.
- Assure action plan implementation and follow-up.

STAFF SUPPORT TO TASK FORCE

Administrative Support – Idaho Department of Labor

Roger Madsen
John McAllister
Dwight Johnson
Pat Debban

Governor’s Office

Brian Whitlock

Subject Matter Experts

Dewey Hammond, State Tax Commission
John Glerum, Idaho Department of Commerce
Richard Elwood, Department of Administration

KEY COMMITTEES

The Task Force was organized into five key committees:

Government Organization and Structure
Revenue and Economic Development
Health and Human Services
Education
Public Safety, Transportation and Natural Resources

The five committees comprised two “functional” committees (Government Organization and Structure, and Revenue and Economic Development) and three “topical” committees (Health and Human Services, Education and Public Safety, Transportation, and Natural Resources). As a result, there was some overlap and/or some gaps when analyzing and addressing all of state government. However, the two functional committees are basic to any reorganizational effort, and the three topical committees comprise the large majority of government expenditures. Coordination and communication between the Committees was essential as recommendations were developed.

Key Committees considered the needs and potential of Idaho by the year 2020, set priorities and goals, and evaluated plans and best practices that could be implemented to achieve those goals and priorities within the Committee’s area of focus. Each Committee was tasked to fulfill the Governor’s four objectives and to determine:

- Where are we?
- Where do we want to be?
- What are the challenges and opportunities?
- What should we do?
- What can we do?
- How can we get there?

PUBLIC INPUT AND COMMENT

Task Force and Key Committee meetings were open to the public. The Task Force continually sought input and feedback from the public, initiating a website, www.idaho2020taskforce.us, which maintained information regarding the Task Force, its meetings, and its recommendations. The website also provide an online mechanism to submit comments to the Task Force and its Key Committees for consideration. Through August 18, 2003, 264 individual comments were received and considered by the Task Force. In addition, the Governor sent a letter to all State Employees encouraging their comments. All comments received by the Task Force are archived and are available on CD by contacting John McAllister, Idaho Department of Labor, jmcallister@jobservice.us , 332-3570 X 3101.



DIRK KEMPTHORNE
GOVERNOR

October 11, 2002

Dear State Employees:

This week, the 2020 Blue Ribbon Task Force held its initial meetings to examine government in Idaho. It may well be the most comprehensive and diverse group ever formed to undertake such a task.

Among the 48 members are farmers, former legislators, corporate CEO's and leaders in local, State and Tribal government. There is a four-star Admiral, a teacher of the year, a principal of the year, a college student, state employees, and an author. The experience and resources these Idahoans bring to this effort are absolutely incredible.

As I laid out the charge to this group, I told them that one of their greatest resources would be our more than 25,000 state employees and college and university faculty and staff. Each of you has great knowledge and expertise – not only in the areas where you work, but throughout state government. You are the dedicated and talented men and women who diligently serve the citizens of Idaho each and every day.

I have encouraged the Blue Ribbon Task Force members to look to you for ideas and suggestions. You are the individuals who have great thoughts and insight on how we might build on our strengths and improve in areas where we have opportunities.

To this end, we have provided a number of avenues by which you may submit your ideas:

You may contact members of the task force directly – the membership is listed on the Task Force website at: <http://www.idaho2020taskforce.us/members.htm>

You may submit e-mail comments and suggestions through the website's public comment page: <http://www.idaho2020taskforce.us/comment.htm>

Or, you may write to the Task Force and mail those comments to one of the following addresses:

Governor Dirk Kempthorne
State of Idaho
Post Office Box 83720
Boise, Idaho 83720-0334

Roger Madsen
Task Force Support Team Leader
c/o Idaho Department of Labor
317 West Main Street
Boise, Idaho 83735

As a valued state employee, I hope you will take this opportunity to help shape the future of Idaho and develop the priorities that will guide our state for the next 20 years.

Sincerely,

A handwritten signature in black ink, reading "Dirk Kempthorne".

DIRK KEMPTHORNE
Governor

DK/baw



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 2

Membership

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



GOVERNOR KEMPTHORNE'S 2020 BLUE RIBBON TASK FORCE

TASK FORCE CO-CHAIRS:

CHUCK WINDER

President, The Winder Co., Chairman, State Transportation Board, Boise

J. D. WILLIAMS

Director of State and Local Government, PeopleSoft; Past Idaho State Controller, Boise

MEMBERSHIP:

Velma Bahe

Past Chairman, Kootenai Tribe of Idaho, Bonners Ferry

Dave Bivens

Ada County Highway District Commissioner, Former Legislator, Meridian

Art Brown

CEO/Chairman of the Board, Hecla Mining Co., Coeur d'Alene

Kelly Buckland

Executive Director, State Independent Living Council, Boise

Jack Buell

President, JMF Company, Inc.; Benewah County Commissioner, St. Maries

Sam Byrd

Executive Director, Idaho Migrant Council, Boise

Steve Casey

Coeur d'Alene High School Principal; 2000 Principal of the Year, Coeur d'Alene

Archie Clemens

Retired Admiral, U.S. Navy, President and COO, Caribou Technologies, Boise

Larry Cope

President, Clear Springs Food, Buhl

Kara Craig

CEO, The Children's Home Society of Idaho, Boise

Yvonne Ferrell

Former Director/Idaho Parks & Recreation, Boise

Millie Flandro

School Administrator and Former Idaho Legislator, Pocatello

Bill Flory

Farmer, Culdesac

Duane Grant

Grain Producer, Rupert

Doug Gross

Potato Farmer, Wilder

Dr. Rich Hagood

President, Northwest Nazarene University, Nampa

Debbie Hall

Homemaker/Small Business Owner, Twin Falls

Steve Hanks

Washington Group Int., Boise

Guy Hurlbutt

Vice President, Public Policy & Environment, Boise Cascade Corp., Boise

Larry Jeffries

CPA, Travis Jeffries, Boise

John Kee

Chief Executive Officer, Magic Valley Regional Medical Center, Twin Falls

Christine King

Chief Executive Officer, AMI Semiconductor, Pocatello

Sherry Krulitz

Shoshone County Commissioner, Wallace

Nancy Larsen

Second Grade Teacher, Ramsey Elementary School; 2000 Teacher of the Year, Coeur d'Alene

Darrell Manning

Member, State Board of Education, Former Adjutant General, Former Legislator, Boise

The Honorable Jim McClure

Former U.S. Senator, Boise/McCall

Nancy Merrill

Mayor, Eagle

Don Mitchell

Consultant, Boise

Mike Mooney

Vice President, Key Bank, Boise

Annette Murray

Boise State University Student, Boise

Randy Nelson

President, Associated Taxpayers of Idaho, Boise

Tom Nicholson

Board of Directors, Micron Technology, Boise

Randy Olaveson

Idaho AFL-CIO, Pocatello

Skip Oppenheimer

President & Chief Executive Officer, Oppenheimer Development, Boise

Con Paulos

Owner, Con Paulos, Inc., Jerome

Mark Ricks

Former Idaho Legislator, Rexburg

Jack Riggs

Former Lieutenant Governor, Coeur d'Alene

John Roberts

Washington Group Int. Boise

Jim Shackelford

Executive Director, Idaho Education Association, Boise

Louise Shadduck

Businesswoman, Author, Coeur d'Alene

Dr. Billy Shipp

President & Laboratory Director, Bechtel, Idaho Falls

Ray Smelek

Chairman of the Board, Extended Systems Inc., Boise

John Tippetts

Human Resource Manager, Agrium CPO, Former Idaho Legislator, Soda Springs

Nancy Vazquez

Immediate Past President, Public Employee Association; Manager, Canyon County Job Service

Judy Woodie

Rancher, Emmett

Darci Yarrington

Executive Director, Voters for Outdoor Idaho, Boise



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 3

Executive Summary

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



EXECUTIVE SUMMARY

Following is an Executive Summary of the Governor’s 2020 Blue Ribbon Task Force Recommendations. The recommendations are arrayed by Committee, and preliminary (“Prelim”), intermediate (“Inter”), and long term (“LT”) within each Committee. The complete text of each recommendation can be found behind the Committee tabs 5, 7, 9, 11, and 13 in the report.

GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE PRELIMINARY RECOMMENDATIONS

GOS PRELIM # 1: Use biennial budgets and appropriations, or make every other year a “maintenance of current operation” budget.

GOS PRELIM # 2: Reorganize the Division of Vocational Rehabilitation (IDVR), Division of Professional Technical Education (DPTE), and the Office of the State Board of Education (OSBE) into one administrative unit with separate budgetary divisions reporting to the Executive Director of OSBE. The Administrators of the IDVR and the DPTE currently report to the Executive Director of OSBE but receive separate budgetary appropriations, which limits the ability to share administrative resources.

GOS PRELIM # 3: Agencies should make all their publications available on the Internet. When that is not possible (due to the cost, format, volume, or nature of the publications) agencies should provide Internet-based methods of requesting or ordering publications.

Whenever possible, the legislature should fund, and agencies should provide, convenient citizen access to government information and services using strategically placed kiosks, Internet-based applications, and public-use computers in State offices.

GOS PRELIM # 4: All required business and strategic plans must be flexible in their format and useful to the agency preparing them.

Establish a clearinghouse for sharing agency best practices. Furthermore, agencies should extend their review of best practices to those of their counterparts in other states.

Establish an official method of piloting new ideas to effect change in State government.

GOS PRELIM # 5: Provide incentives for agencies to save money and defer spending until necessary.

GOS PRELIM # 6: Consider consolidating the smaller, independent agriculture-related entities (primarily the small commodity commissions) in State Government into the Department of Agriculture.

GOS PRELIM # 7: Change the statutes limiting employee bonuses.

GOS PRELIM # 8: Use incentive pay methods employed by private industry when applicable.

GOS PRELIM # 9: The State should improve and expand its management planning to include:

Financial Management

- Short- and long-range forecasts of income and expenditures

- Projections of future Medicaid costs
- Short- and long-range capital budget costs
- An independent analysis of fiscal notes on any new legislation

Capital (facilities) Management

- An agency-prepared 10-year facilities master plan – updated annually
- A move toward providing for at least 2% of capital value for maintenance
- Reporting of deferred maintenance on all building, highways, and bridges
- An improved system to determine priority-setting for capital construction at colleges and universities

Managing For Results

- A State Strategic Plan containing goals and performance measurements which support the Governor's policy agenda
- Cascading department and division strategic plans which support the goals contained in the State Strategic Plan and employ the performance measurements contained therein
- Performance evaluations based upon adherence strategic plans
- Setting ambitious, measurable goals, making results-measurement a priority
- Promoting collaboration between departments
- Focusing measurements on outcomes rather than outputs
- Distinguishing between key and non-key measures
- Limiting the number of performance measures to a manageable level
- Linking plans to performance measurement, evaluation, and budgeting
- Making any reports short, understandable, and useable

Human Resources

- A Statewide Workforce Plan which accounts for current and future State workforce needs
- Training of supervisors in handling complex personnel issues
- Improving HR information systems, moving the State of Idaho toward being a single employer

GOS PRELIM # 10: Eliminate the individual governing boards of agencies operating under the review of the State Board of Education, or move the oversight of those agencies and their boards to a more appropriate location. The affected agencies include: the Idaho State Library (ISL), Career Information System (CIS), and the Idaho Historical Society (IHS).

GOS PRELIM # 11: Either repeal the Idaho Agricultural Labor Act or rewrite it, tailoring it to current conditions and needs.

GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE INTERMEDIATE RECOMMENDATIONS

GOS INTER # 1: Revise the judicial election/appointment process. All three branches of State government should work together to develop a selection/retention process for district and appellate court judges using: retention in office, public funded campaigns, or some other method.

The governor should consider, but not be limited to, judicial council nominations when filling vacant judgeships.

GOS INTERMEDIATE RECOMMENDATION # 2: Review, with the goal of reducing, the number of boards, commissions, and councils, and trim the number of board members, commissioners, and council members of those remaining. As each is considered, the following guiding principles should be employed:

- There should be a present need for each entity's continuing existence.
- The activities and functions of the entity should be consistent with its original purpose and its establishing legislation.
- Each entity should exist within one of the existing departments.
- Each entity should have the fewest number of board, commission, or council members as possible. Members should represent more than one constituency whenever possible.
- Constituency-representation composition and qualifications for board, commission, and council membership should be fitting for current conditions and present need.
- Entities with similar or related functions should be combined, regardless of their preference.
- Entities with enforcement and regulatory responsibilities can be combined with advisory and advocacy entities. The consolidated entity should be charged with establishing measures to preserve the integrity of both types of duties.
- As time passes, savings due to consolidation of administrative staff and other efficiencies should be devoted to the enumerated ends, objectives, and activities of the consolidated entity.

GOS INTER # 3: Study the possible creation of a quasi-judicial function within the executive branch to preside over contested cases throughout the State of Idaho involving disputes between a State agency party and a private party where the party's rights, duties, or privileges are required by Idaho law to be determined by the agency after notice and an opportunity for hearing.

Study participants should include the Office of the Attorney General, the judicial branch, and those executive branch agencies likely to be affected should such an agency be created.

GOS INTER # 4: Provide incentives for State agencies and State employees to reduce the size and cost of government.

GOS INTER # 5: Merge the Idaho Disability Determinations Service (IDDS) into the Idaho Department of Labor (IDOL).

GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE LONG-TERM RECOMMENDATIONS

GOS LT# 1: Remove the cap on the maximum number of unused sick leave hours State employees may use toward paying health insurance premiums in retirement.

GOS LT # 2: Change the function of the Soil Conservation Commission from directing to that of advisory to the Idaho State Department of Agriculture (ISDA).

GOS LT # 3: The Office of Performance Evaluations, or some other independent entity, should conduct a study of the organizational structure and functions of the Department of Health and Welfare (DHW) to determine if, or how, it might be better organized.

GOS LT # 4: Conduct a study of employee leave policies. Consider combining earned leave categories, such as: Annual, Sick, and Earned Administrative Leave.

GOS LT # 5: Minimize the use of preprinted agency letterhead by using computer-generated forms.

GOS LT # 6: Co-locate small State agencies in the same building.

GOS LT # 7: Consolidate self-governing licensing boards and commissions into a Division of Occupational Licensing within the Department of Self-governing Agencies.

The Division of Occupational Licensing should include three (3) bureaus: a Health Professions Bureau (HPB); a Business & Technical Professions Bureau (BTPB); and a Management Services Bureau (MSB). The HPB will provide support to all health related boards. The BTPB will provide support to the non-health related boards. The MSB will provide the necessary internal support to the Division.

Boards that set qualifications and standards, investigate complaints, and impose discipline, necessarily require a degree of autonomy from licensing and regulatory bodies. Care must be taken to preserve all necessary aspects of autonomy for such boards during reorganization.

GOS LT # 8: Conduct an independent study of the State's accounting and reporting system, STARS, and its interfaces with agency financial management systems, and assess its adequacy to meet the current and future needs of the State. The purpose of the study is to consider the feasibility of adopting a centralized financial management system that allows flexibility of individual agency specialized requirements. The study should consider needs and evaluate existing financial systems and identify opportunities for shared efficiencies and cost savings. Particular attention should be given to the convenience of its use and its efficiency in producing: standard accounting reports, the Comprehensive Annual Financial Report (CAFR), and other financial and statistical information needed by the State's policy makers.

The Office of the State Controller, in conjunction with the Division of Financial Management (and other policy makers) should determine the type, format, transmission method, and level of detail for information required from agency-based financial management systems for enterprise use. Whenever possible, executive-branch agencies developing, renovating, or changing financial management systems (or major components) should consider the feasibility of designs which lend themselves to use by other agencies as well. The Division of Financial Management should be involved in the design phase of such projects.

GOS LT # 9: As the State of Idaho uses technology to conduct business it should strive to meet the goals of:

- Improving the State's responsiveness to citizens
- Improving government effectiveness
- Making it easy for citizens to obtain service and information from state government

In the future, when developing or modernizing e-government systems, agencies should design them to be citizen-centered and results oriented, resulting in:

- Simplifying delivery of services and information to the citizens
- Streamlining government operations

- Creating one-stop points of service which are easy for citizens to find, access, and use
- Providing rapid response to citizens' needs
- Eliminating redundancy not necessary for robust, high-availability service delivery
- Eliminating duplication of effort for individuals and business when collecting data, auditing, or issuing licenses and permits
- Reducing costs
- Improving service
- Giving appropriate consideration to privacy and information security
- Achieving the Governor's strategic planning objectives

State policy makers should take greater advantage of the knowledge and experience of the agencies' information technology (IT) professionals when setting technology policies, standards, and directions.

GOS LT # 10: The State should continually review and update its purchasing laws, policies, procedures, methods, and techniques – making them more efficient, cost-saving, and convenient to use.

GOS L # 11: Consolidate operation and oversight of State government records management programs currently located in the Department of Administration (specifically the State Records Center in the Division of Purchasing), the Idaho State Library (specifically the State Publications section of the ISL), and the Idaho State Historical Society (specifically the State Archives in the Historical Library and Archives Division of the ISHS) under a single administrative function. Consideration should be given to placing the consolidated records entity within the Department of Self-governing Agencies or in the office of an elected official.

GOS LT # 12: Reduce the majority vote requirement to 60% for passage of a school bond election when held in the Primary or General Elections.

REVENUE AND ECONOMIC DEVELOPMENT COMMITTEE PRELIMINARY RECOMMENDATIONS

REV PRELIM #1: Implement an estimated tax payment system for the State's Individual Income Tax.

REV PRELIM # 2: Increase the number of tax personnel at the Idaho State Tax Commission primarily to focus on non-filer and compliance recovery.

REV PRELIM # 3: Modify the Investment Tax Credit to make it transferable to other taxpayers from the taxpayer earning the original credit. This transfer provision would only be applicable to credits earned for qualifying Idaho investment made on or after the date of enactment and would be limited to just one exchange.

REV PRELIM # 4: Increase cigarette tax by 20 cents per pack and direct increased revenues to the State's General Fund.

REV PRELIM # 5: Support the effort of the Streamlined Sales Tax Project to collect tax on remote sales by simplifying and modernizing sales/use tax administration.

REV PRELIM # 6: Implement an Accounts Receivable Offset program for those businesses or individuals providing services to the State of Idaho that have established tax liabilities to the State. This could also be extended to things like lottery proceeds.

REV PRELIM #7: Increase sales tax rate by 1%, effective June 1, 2003, and sunset this increase three years from the date of enactment. Distribution formula should be modified so that all increased revenues accrue to the State's General Fund. Legislature should appoint an interim committee to study all sales tax exemptions and untaxed services during this three-year period with the intent of lowering the overall sales tax rate by broadening the base against which the tax is applied. The State should continue to pursue efficiencies in order to reduce expenditures.

REVENUE & ECONOMIC DEVELOPMENT COMMITTEE INTERMEDIATE RECOMMENDATIONS

REV INTER # 1: Place a sunset provision or an Idaho Administrative Procedure Act (IDAPA)-like process on all sales tax exemptions and require legislative review and action in order to be reinstated. Stagger the reviews so that at least 25% of the exemptions are examined in any one-year. This process is ongoing

REVENUE & ECONOMIC DEVELOPMENT COMMITTEE LONG-TERM RECOMMENDATIONS

REV LT # 1: Preserving a balanced tax structure that meets long-term business and governmental service needs also involves a continuous improvement system to ensure public services are provided efficiently and effectively.

Idaho has a high ratio of taxing districts compared to population served. Consolidation of taxing districts (such as counties, highway districts, fire districts, school districts, etc.) needs further study as does centralization and sharing of certain services. This will help reduce the cost and growth rate of taxing district maintenance and operation budgets, thus optimizing service efficiency and providing opportunity for tax rate reduction.

REV LT #2: Idaho needs to preserve a balanced and predictable tax structure including tax incentives in order to attract and retain business and investment. This balanced tax structure consists of a combination of income, sales, property taxes and fees, and provides most of the funding for government services. Other taxes such as fuel, beer, and wine taxes should be fair and equitable.

The tax structure should be made predictable by minimizing the number of increases, decreases, or other changes. Having a long-term strategy that maintains a balanced tax structure while minimizing short-term changes will attract capital and business to Idaho.

Furthermore, the stability of the corporate income tax also depends on how the interstate apportionment of taxpayers' business income is calculated. Reliance on a broad based formula that is based on the taxpayers' property, payroll, and sales is less

volatile than a formula that either over-weights or relies on only one of these factors, such as sales. Idaho currently uses this broad based formula and should continue to do so.

REV LT # 3: Future economic growth and financial viability of the State of Idaho will depend on the retention and expansion of existing jobs and the creation of new jobs. To accomplish this, Idaho must increase dedicated funding for marketing and economic development by an annual minimum of \$1.5 million. This could include funding from the State's General Fund, Lottery funds, private funds through a nonprofit corporation, some portion of the hotel/motel tax, or some portion of the sales tax. Unspent Department of Commerce funds would be permitted to carry over into a fund for the specific use of the Department of Commerce in future years. Details on the oversight of this fund will be determined later.

HEALTH AND HUMAN SERVICES COMMITTEE PRELIMINARY RECOMMENDATIONS

HHS PRELIM # 1: That the Department of Health & Welfare's (DHW) continue implementation of its "strategic workplan" to consolidate like functions, standardize business systems, and realign resources. This workplan includes the following goals:

- A. Improve health status;
- B. Strengthen individuals, families, and communities;
- C. Integrate health and human services;
- D. Apply learning organization skills; and,
- E. Align structures, people, and technology.

HHS PRELIM # 2: That DHW continue implementation and further development of integrated data processing systems.

HHS PRELIM # 3: That DHW establish the value of outstanding cost report settlements (the amounts overpaid to hospitals) due from acute care hospitals, collect overpayments, and ensure correct interim reimbursement rates are put into effect.

HHS PRELIM # 4: That DHW, with input from stakeholders, evaluate the appropriateness of affiliation fees paid to residential habilitation agencies serving certified family homes that deliver services to persons with developmental disabilities. The Committee further recommends that another quality assurance approach be implemented if DHW determines that the provision of contracted services by these agencies is not the most effective mechanism for assuring quality in the delivery of services to developmentally disabled individuals in certified family homes.

HHS PRELIM # 5: That minors (youth under the age of 18) be required to wear safety restraints in private moving vehicles.

HHS PRELIM # 6: That Public Health Districts be required to place a higher priority on the provision of immunizations to children.

HHS PRELIM # 7: That DHW ensure that systems are in place that allow the State to enroll the maximum number of eligible Medicaid beneficiaries and Primary Care Providers in the Healthy Connections program, bringing participation as close to 100% as possible.

- HHS PRELIM # 8:** That DHW create an improved management fee incentive system to attract additional Primary Care Providers into the Healthy Connections program.
- HHS PRELIM # 9:** That DHW implement a Medicaid Buy-In Program, in which Medicaid-eligible individuals with disabilities could continue to receive Medicaid benefits and would share in the cost of those benefits after obtaining employment.
- HHS PRELIM # 10:** That any expansion of the Children's Health Insurance Program (CHIP) include the CHIP Access Card concept as an option for recipients. This new concept would increase access to children's health care through cost-sharing among parents, their employers, and the State for families with incomes between 150% and 200% of poverty.
- HHS PRELIM # 11:** That the Task Force:
- A...endorse statewide implementation (except as noted below) of the DHW utilization management business plan for people with developmental disabilities and mental illness, separating customer assessment and service planning from direct service delivery through the use of independent assessment providers, and
 - B...endorse a pilot project based on the concept of self-determination. This project would include a modification of Idaho's Medicaid program to allow a specified number of individuals to utilize services under a participant-driven approach centered around the following essential elements:
 1. Individualized budget;
 2. Personal broker;
 3. Fiscal intermediary; and,
 4. Freedom of choice of traditional and non-traditional providers.
- HHS PRELIM # 12:** That the Task Force endorse the DHW workplan on pharmacy management, including a Preferred Drug List and expanded Drug Utilization Review Board, with the proviso that consumer input is considered in the implementation of the workplan.

HEALTH & HUMAN SERVICES COMMITTEE INTERMEDIATE RECOMMENDATIONS

- HHS INTER # 1:** That DHW investigate all opportunities to collect appropriate administrative fees for administrative services rendered and, where cost effective, collect such fees. Fees will be imposed against the payer.
- HHS INTERMEDIATE RECOMMENDATION # 2:** That the State of Idaho require that criminal history checks be completed for all day care providers and their staff.
- HHS INTERMEDIATE RECOMMENDATION # 3:** That a permanent low interest loan program be established for assistive technology in Idaho. The Committee further recommends that the State of Idaho act quickly in order to take advantage of the (one-time) federal assistance that has been made available to the states by the U.S. Congress at the request of President Bush.
- HHS INTERMEDIATE RECOMMENDATION # 4:** That taxes on tobacco and alcohol be increased significantly, provided that a significant portion of the revenue generated is dedicated to treatment and prevention of health problems associated with use of these products.

HEALTH & HUMAN SERVICES COMMITTEE LONG-TERM RECOMMENDATIONS

- HHS LT # 1:** That a mental health/substance abuse business plan be developed that clearly identifies the cost/benefit ratio of a comprehensive mental health /substance abuse delivery system for adults and children.
- HHS LT # 2:** That, in recognition of the human life cycle, a statewide educational program be developed, focused on increasing the general population's knowledge and understanding of "end of life" issues, thereby improving the quality of decisions related to these issues.
- HHS LT # 3:** That the economic impact of merging the County medical indigency program with the State Medicaid program be investigated.
- HHS LT # 4:** That by the Year 2020, Idaho have a statewide home- and community-based service delivery system capable of providing appropriate and cost-effective assistive technology devices and services to any eligible person that needs them.
- HHS LT # 5:** That Idaho State Code protecting the civil rights of Idahoans with disabilities be evaluated and corrected, as needed.

EDUCATION COMMITTEE PRELIMINARY RECOMMENDATIONS

- ED PRELIM # 1:** That the 2020 Blue Ribbon Task Force endorse the public statements of Governor Kempthorne that K-12 public schools and Idaho's colleges and universities be exempt from further cuts in any attempt to balance the FY 2003 and/or FY 2004 State General Fund budgets.
- ED PRELIM # 2:** The Education Committee recommends that the Governor's budget request for FY 2004 give high priority to the maintenance of current operations and funding of key initiatives in K-12 public schools and Idaho's colleges and universities as follows:
- (1) K-12 public schools: funding of the maintenance of current operations (MCO) budget with the appropriate inflation factor, continued support for the implementation of statewide standards and the reading initiative, and restoration of funding for the technology initiative; and
 - (2) Colleges and universities: funding of the maintenance of current operations (MCO) budget with the appropriate inflation factor, restoration of funds to the Permanent Building Fund and authorization to proceed to construction for previously approved capital projects, and implementation of the State Board of Education initiative "Funding Equity Among Four-Year Institutions."

EDUCATION COMMITTEE

INTERMEDIATE RECOMMENDATIONS

ED INTER # 1: Educational Service Entities - That the State develop a program to assist school districts in sharing the costs of services and to help reduce costs, making more resources available for classroom instruction. Authorize the formation of educational service entities to provide shared services for administrative and financial efficiencies and to improve the quality and availability of specialized services to smaller and/or rural school districts in Idaho.

ED INTER # 2: Facilities - Research the feasibility of a public-private partnership to solve the problem facing Idaho schools today. This study would determine the feasibility and most prudent approach such as a compatible-use partnership, a land-swap, tax-free leasing, tax-free construction bonds, or other creative methods to improve the condition of school infrastructure. The study would accomplish the following:

- Determine goals and objectives
- Collect and evaluate current conditions and needs data
- Review national and international case studies
- Investigate relevant existing legislation and identify opportunities
- If additional legislation is needed, outline requisite special legislation
- Prepare project strategic plan framework and process to achieve successful project implementation
- Establish next steps to include executing a pilot project to test approach

ED INTER # 3: Teacher Quality and Retention - Attract the brightest new educators, retain skilled veteran educators, and increase expectations for performance through the following actions:

1. Raise the beginning teacher salary starting in 2004 to reach \$35,000 by 2008 and adjust the current scale to reflect this increased base to provide a professional wage for teachers and principals. Provide funding from the State to meet this salary increase.
2. Provide for, and encourage, alternative routes to teaching for second career professionals and retired military personnel.
3. Provide systematic, rigorous mentoring during the first years of teaching.
4. Lengthen the school year for educators to include: ongoing professional development and career advancement; scheduled collaboration time to analyze test data for increased student achievement of all children; and, training to meet expectations for future innovations in education.
5. Increase expectations for achievement through ongoing performance evaluations that inspire reflection on practice and verification of continued enhancement of professional knowledge.

ED INTER # 4: Achievement Standards - The 2020 Task Force, recalling the wisdom of the Idaho State constitution, which says, “The stability of a republican form of government depending mainly upon the intelligence of the people, it shall be the duty of the Legislature of Idaho to establish and maintain a general, uniform and thorough system of public, free common schools,” recognizes that:

- The State of Idaho has recently adopted broad-sweeping achievement standards for virtually every grade and every curricula area in K-12 public schools;
- The goal of our State, and now a mandate from the federal government (via the “No Child Left Behind” Act), is to ensure all Idaho students meet those achievement standards by the time they graduate from high school;
- Certain students, including those who are geographically isolated, those who face family or socio-economic barriers, and those who have language or learning barriers or other characteristics that put them at risk of academic failure, require additional resources and support;
- Statewide assessments are currently being devised and piloted to determine the gaps between where Idaho students are and where they need to be by graduation; and
- The people of Idaho will support necessary activities to close those gaps for every child.

In response, the Task Force hereby recommends that the Governor, in partnership with legislative, business, education, and other leaders take all steps necessary to identify and provide the resources and other changes needed to ensure that every Idaho student will have the opportunity to meet, at a minimum, the State’s achievement standards by high school graduation.

EDUCATION COMMITTEE LONG-TERM RECOMMENDATIONS

ED LT # 1: College and University System for Idaho - That access to higher education opportunity be considered among the highest priorities for the State of Idaho—pointing to the year 2020—and that intermediate steps be taken to create governance and administrative structures that will facilitate that access while also increasing operational efficiencies.

Certain levels of policy and operational efficiencies in Idaho higher education are currently realized through the efforts of the State Board of Education. Other efficiencies are realized by the use of various budget methodologies used by both the executive and legislative branches of government. From a methodology standpoint, it is likely that additional efficiencies can only be realized by changes in the governance and administrative structures for higher education in Idaho.

It is recommended that the State of Idaho move to a college and university system, to include all two-year and four-year public colleges and universities. The College and University System for Idaho would feature:

- (1) A statewide system of two-year and four-year colleges and universities providing both campus and distance learning opportunities,
- (2) A board of regents with singular responsibilities for higher education,
- (3) The allocation of constitutional and legislative rights now enjoyed by the University of Idaho to the College and University System for Idaho, and

- (4) Retention of the institutional identity by each campus for such purposes as admissions, marketing, athletics, etc.

ED LT # 2: College and University System for Idaho Administrative Structure - That the Board of Regents for Higher Education determine and take action to implement the optimum administrative structure for the College and University System for Idaho.

ED LT# 3: Information Technology in the Idaho Schools - In order for Idaho to achieve its goal of "No Child Left Behind," to provide all students with the technology education needed by the workforce of 2008, and to meet the mandated computer technical competency standards for teachers by 2006, our State must develop and execute an Information Technology strategy that incorporates the following tenets by 2008:

- All classrooms for K-12 must have adequate computer capability, and all students in Grades 6-12 must have a laptop computer on their desk, with high school students, and selected middle school students, permitted to take the computers home at night.
- All schools must have a wireless Local Area Network with at least 802.11G (54 mbs) capability in every classroom.
- All schools must have high-speed access to the Internet with sufficient external bandwidth.
- In conjunction with the separate recommendation that the minimum starting salaries for new teachers be raised to \$35K by 2008, all teachers by 2008 must have the equipment, technical support, and training to be able to utilize interactive electronic media as a primary method of instruction. Their ability to do this should be a consideration for merit pay and increased salary.
- Courses must be integrated with basic Internet research and software programs: word processing, spreadsheet analysis, basic presentations, and database manipulation. If appropriate, software such as that employed by accountants, CAD designers, graphic artists, art and photography studios, etc. should be part of the curriculum.
- Equipment and software must be refreshed at a rate which is concurrent with that of the commercial sector.

ED LT # 4: Improving the Academic Achievement and Success of Latino and English Language Learners (ELLs) - Native-born Latinos will account for 14 million new workers in the next 25 years (Pew Hispanic Center, 2002). Having this community fluent in English and successfully completing high school is probably the single greatest challenge facing K-12 education over the next 20 years. To address this issue the following actions are recommended:

- School districts with high numbers of ELL and Latino students should receive adequate funding to meet the educational needs of these students.
- School districts should be required to submit annual plans for ELL and Latino students that are based on researched-based approaches to English language acquisition and improved academic performance. All programs and practices should be expected to result in improved student achievement.
- Program models should minimize pulling students out of subject matter classes, limit over-reliance on para-professional educational assistants to teach ELL students, and provide for rigorous language use across the curriculum. Based on research, the indicators for effective programs for ELL students as summarized by Samway and McKeon, (1999) include:
 1. High expectations are held for students.

2. Language and subject matter development are integrated.
 3. Concept development in the native language is supported.
 4. Comprehensive staff development for all faculty and staff is provided.
 5. The entire school environment supports ELLs.
 6. Active support from school leaders.
- Require professional development opportunities for new and current teachers, librarians, aides, and administrators to improve their skills when working with culturally and linguistically diverse students. All teachers should be knowledgeable with second language acquisition theory, and competent in adapting instruction for students of varying levels of English language proficiency.
 - Provide challenging and appropriate learning opportunities for Latino and ELL students by using effective teaching and assessment practices. Appropriate learning opportunities for Latino and ELL students need to be in place prior to measuring students' achievement through high stakes assessment. Based on research, these opportunities should include:
 1. Recognition and inclusion of cultural relevant background.
 2. Making content relevant to students.
 3. Interaction with peers.
 4. Ongoing authentic assessment.
 - Increase the number of certified bilingual and English-as-a-second-language (ESL) teachers in Idaho that are assigned to teach as a bilingual or ESL teacher.
 - Hold schools accountable for helping ELL students acquire English and meet challenging academic benchmarks. Districts that receive State Limited English Proficiency (LEP) funds must be required to comply with the 1983 Idaho Migrant Council (IMC) v. Idaho State Board of Education Consent Decree, and the Office of Civil Rights (OCR) requirements regarding national origin minority students.

PUBLIC SAFETY, TRANSPORTATION AND NATURAL RESOURCES COMMITTEE PRELIMINARY RECOMMENDATIONS

- PS, T, NR PRELIM # 1:** Support the expansion of community-based prevention programs for “at risk” youth to decrease the need for treatment and/or incarceration of juvenile offenders.
- PS, T, NR PRELIM # 2:** Support creative, community-based sentencing alternatives for juvenile offenders; for example, the Reclaim Ohio project.
- PS, T, NR PRELIM # 3:** We recommend the Governor appoint a group of policy makers, including Legislative leadership, to work with the VERA Institute of Justice to assess sentencing for adult offenders in Idaho. Sentencing should be reviewed to determine if current sentencing laws and policies are appropriate for the crime that was committed. While some sentences may be reduced, others may increase for certain crimes.
- PS, T, NR PRELIM # 4:** Appoint an Interim or Ad Hoc Legislative committee to explore reinstituting “good time release” policies for adult offenders in an effort to substantially reduce the growth rate in prisons. Good time should be tied to successful program

completion and/or good behavior, and should also be considered for offenders on community supervision.

PS, T, NR PRELIM # 5: Support specialized treatment and funding for inmates with mental illness being held within the State correctional system.

PS, T, NR PRELIM# 6: Support specialized treatment, funding, and alternative housing for geriatric inmates held within the State correctional system. Many of these offenders could be supervised in the community.

PS, T, NR PRELIM # 7: Support specialized treatment and funding for the sex offender special population group held within the State correctional system.

PS, T, NR PRELIM # 8: Support specialized treatment and funding for the substance abuse population held within the State correctional system, in particular the development of a chemical dependency treatment facility (CDT).

PS, T, NR PRELIM # 9: Continue to review State-owned properties for consolidation, acquisition and/or disposal using established criteria developed to ensure that such consolidation, acquisition, or disposal provides an adequate return to the endowment beneficiary.

PS, T, NR PRELIM# 10: Support transfer of the Threatened and Endangered Wildflower Management program from the Department of Parks and Recreation to the Department of Fish and Game.

PS, T, NR PRELIM # 11: Support development of online pesticide licensing by the Department of Agriculture.

PS, T, NR PRELIM # 12: Support a request that the Idaho Legislature adopt a concurrent resolution that creates a task force or committee with active participation by Department of Transportation's Visioning committee, counties, cities, highway districts, and other entities to study and report issues related to public transportation coordination and funding for urban and rural areas.

PS, T, NR PRELIM # 13: Amend Section 58-133(3), Idaho Code to allow the State Board of Land Commissioners to hold proceeds from the sale of land in the land bank fund for a period not to exceed five (5) years from the effective date of sale.

PS, T, NR PRELIM # 14: Examine providing the Fish and Game Commission with the flexibility to adjust licensing fees within a legislatively set fee range.

PS, T, NR PRELIM # 15: Support the judicial branch of government's request for adequate funding to support Drug Courts, Family Courts, and Senior Judges.

PS, T, NR PRELIM # 16: Consider amending Sections 23-604, 23-949, 18-1502, 39-5703, 20-505, and 20-506, Idaho Code, to transfer the prosecution and adjudication of misdemeanor tobacco and alcohol possession offenses committed by minors under the Juvenile Corrections Act, where more effective intervention, sentencing alternatives, and follow-up procedures for juveniles are available to the court. These offenses would be prosecuted under the Juvenile Corrections Act by way of a uniform citation to minimize law enforcement and prosecutor time and expense.

PUBLIC SAFETY, TRANSPORTATION, NATURAL RESOURCES COMMITTEE INTERMEDIATE RECOMMENDATIONS

- PS,T,NR INTER # 1:** Increase funding to retain highly skilled and qualified Idaho State Police (ISP) personnel, especially in the areas of cyber-crime, firearms, and forensics.
- PS,T,NR INTER # 2:** Replace, improve, and update strategically located regional ISP facilities.
- PS,T,NR INTER # 3:** That the Idaho Legislature enact legislation authorizing the Idaho Transportation Department to use the “design-build” procurement method for design and construction of projects, using a “best value” method of awarding project contracts in certain circumstances.
- PS,T,NR INTER # 4:** Consolidate Motor Carrier mileage audit activities at the State Tax Commission.

PUBLIC SAFETY, TRANSPORTATION & NATURAL RESOURCES COMMITTEE LONG-TERM RECOMMENDATIONS

- PS, T & NR LT # 1:** Provide funding for a centralized state-of-the-art human and animal laboratory.
- PS, T & NR LT # 2:** Establish a Governor’s task force to study alternatives to Idaho’s fuel tax and annual registration fee structure. The task force would coordinate its study with any national committees that are undertaking similar studies of alternative funding mechanisms at the state and national level. The study would also include reviewing and possibly recommending a method of funding based on the findings and conclusions of the Idaho Transportation Resource Task Force and/or other available studies.
- PS, T & NR LT # 3:** Perform an in-depth performance audit for the Department of Health and Welfare Division of Children and Family Services.
- PS, T & NR LT # 4:** Reduce the number of boards, commissions or councils by repealing the establishing statutory authority or executive order, and consolidate any necessary and on-going duties and functions within a sponsoring agency. The following section lists a number of such entities recommended for elimination or consolidation.
- PS, T & NR LT # 5:** Support passage of the Idaho Invasive Species Act.
- PS, T & NR LT # 6:** The Governor, by executive order, should create a State Interoperability Executive Council (SIEC) consisting of representation from public safety agencies such as Idaho Sheriff’s Association, Idaho Fire Chiefs Association, Idaho Bureau of Emergency Medical Services, Idaho Emergency Management Association, Bureau of Hazardous Materials, Idaho Chiefs of Police Association, Idaho Hospital Association, Idaho Medical Association, INEEL Oversight Commission, Bureau of Disaster Services, Idaho State Police, and non-traditional public safety agencies within Idaho, (non-traditional public safety agencies may include agencies such as the Military Division, Department of Lands, Federal Government agencies, Tribal Governments, Fish and Game, Division of Environmental Quality, Department of Agriculture, etc.) which would include specific instructions from the Governor to coordinate an assessment of current systems and needs, and planning, funding, development, implementation, and management of a statewide interoperable communications system for use by all traditional and non-traditional public safety agencies within the State of Idaho. Plans

considered or implemented by this Council should also allow for maintenance and upgrade of necessary current emergency communications systems and provide a funding mechanism to ensure system access by all local jurisdictions. Council meetings will be convened and facilitated by the Idaho State Police.

PS, T & NR LT # 7: Support efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion.

PS, T & NR LT # 8: That the Idaho Legislature enact legislation authorizing the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicles “GARVEE” bonds for the financing of particular transportation projects, payable from federal highway funds and/or fuel tax revenues or other revenues, provided that this be accomplished within the framework of Idaho constitutional and legislative mandates addressing voter approval and public indebtedness issues.

PS, T & NR LT # 9: Increase taxes and/or licensing fees on beer and wine to enhance resource availability to address social and criminal issues resulting from substance abuse.



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 4

Milestones and Agendas

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



TASK FORCE HISTORY AND MILESTONES

TASK FORCE MEETING DATES AND AGENDAS

- October 10-11, 2002 (Organizational meeting; Address by the Governor)
- November 14, 2002
- December 3, 2002
- January 7, 2003
- April 4, 2003
- June 24, 2003

On December 3, 2002 a Progress Report was presented to Governor Dirk Kempthorne by the Task Force.

On April 4, 2003 the Governor presented a summary of the response to the preliminary recommendations submitted in the December 3, 2002 Progress Report.

On June 24, 2003 the Governor presented an updated summary of the response to the Task Force recommendations (see Tab 15).

On June 24, 2003 the Task Force completed its work on the initial charge by the Governor and adjourned, subject to call back by the Governor.

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise



AGENDA

Thursday, October 10th

- 1:30 - 1:45 ☐ Welcome and introduction of Committee Members
1:45 - 1:50 ☐ Overview of Committee's Mission - Co-Chairs
1:50 - 2:05 ☐ Overview of Constitutional and legal parameters -
☐ Bill von Tagen
2:05 - 2:35 ☐ Report on past Idaho Government Reorganization efforts - ☐
☐ Peter Johnson
2:35 - 2:50 ☐ Break
2:50 - 3:20 ☐ Remarks by Governor Dirk Kempthorne
3:20 - 3:35 ☐ Report on Demographic and Workforce forecast -
☐ Dwight Johnson
3:35 - 3:50 ☐ Report on Economic Outlook - Mike Ferguson
3:50 - 4:05 ☐ Report on State Organization - Brian Whitlock
4:05 - 4:20 ☐ Report on Budget Process - Jeff Youtz
4:20 - 4:50 ☐ Review of State Financial Structure - Dewey Hammond
4:50 - 5:00 ☐ Wrap-up and Miscellaneous

Friday, October 11th

- 8:30 - 9:00 ☐ Report on other states' reorganization efforts - J.D. Williams
9:00 - 10:00 ☐ Discussion by Committee members on proposed key ☐
☐ committees and organization of Task Force
10:00 - 10:15 ☐ Break
10:15 - 10:30 ☐ Key Committee Chair, Vice Chair and membership ☐ ☐ ☐
☐ assignments
10:30 - Noon ☐ Key committee breakout meetings
Noon - 1:00 ☐ Working lunch (will be provided)
1:00 - 2:30 ☐ Key committee breakout meetings continued
2:30 - 2:45 ☐ Break
2:45 - 3:30 ☐ Wrap-up Session

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209 (phone)
208-334-6455 (fax)



IDAHO
Focus on the Future
www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culusac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

AGENDA

Nov. 14, 2002 Meeting
Joe R. Williams Building
700 W. State Street
Boise, Idaho

- | | |
|---------------|---|
| 8:15 – 8:30 | Welcome – East Conference Rm., 1 st Floor |
| 8:30 – 10:30 | Key Committee Break-out Sessions:
<u>Revenue & Economic Development</u> , State Controller's
Conference Rm., 5 th Floor

<u>Government Organization & Structure</u> – Division of
Human Resources Conference Rm., 1 st Floor

<u>Education</u> – Dept. of Commerce Conference Rm., 2 nd Floor

<u>Public Safety, Transportation & Natural Resources</u> – West
Conference Rm., 1 st Floor

<u>Health & Human Services</u> – Dept. of Insurance Conference
Rm., 3 rd Floor |
| 10:45 – 12:00 | Addresses from Senate President Pro Tem Bob Geddes,
House Assistant Majority Leader Lawrence Denney, and
House Minority Leader Wendy Jaquet with Q&A – East
Conference Rm., 1 st Floor |
| 12:00 – 1:00 | Lunch Provided – West Conference Rm., 1 st Floor |
| 1:00 – 3:00 | Key Committee Break-out Sessions (Same as above) |
| 3:00 – 4:00 | Status/Update Reports from Key Committees to Task Force
(10 minutes per Committee) – East Conference Rm., 1 st Floor |

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culasac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shaddock, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise



AGENDA

Dec. 3, 2002 Meeting
Joe R. Williams Building
700 W. State Street
Boise, Idaho

8:30 – 8:40	Welcome and explanation of process
8:40 – 10:00	Review all recommendations to determine those with consensus agreement
10:00 – 10:15	Break
10:15 – 12:00	Discussion and voting on recommendations that were not included in “consensus recommendations”
12:00 – 12:15	Lunch Provided – Basement Conference Room
12:15 – 2:45	Continue discussion and voting on recommendations
2:45 – 3:00	Break
3:00 – 4:00	Discussion of intermediate and long-term issues that will be considered by Committees

NEXT TASK FORCE MEETING:

THURSDAY, JANUARY 9, 2003, JOE R. WILLIAMS BLDG., BOISE

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smeck, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise



AGENDA

January 7, 2003 Meeting
Joe R. Williams Building
700 W. State Street
Boise, Idaho

- 8:30 – 8:45 Welcome (East Conference Room)
- 8:45 – 12:00 Key Committee break-out meetings
Goals:
1) Develop supplemental Preliminary Recommendations for Governor to consider for this Legislative Session
2) Start deliberation on Intermediate Recommendations
- Room Assignments:
Gov't. Structure & Org – DHR Conf. Rm. 1st FL
Education – Dept. of Commerce Conf. Rm. 2nd FL
Public Safety, Tranp. & N.R. – State Controller's Conf. Rm. 4th FL
Revenue & E. D. – State Controller's Conf. Rm. 5th FL
Health & H.S. – *CANCELLED*
- 12:00 – 1:00 Lunch Provided (Basement Conference Room)
- 1:00 – 2:30 Full Task Force Meeting (East Conference Room)
• Review and vote on Key Committee supplemental recommendations
• Review and finalize Task Force work calendar for 2003
- 2:30 – 5:00 Key Committee break-out meetings as determined by Key Committees (Same room assignments as above)

NOTES:

- The Governor's State of the State address is at 7:00 PM on Jan. 7th
- Chuck Winder and J.D. Williams will be making a Task Force presentation to JFAC from 8:00 – 9:30 AM on Tuesday, Jan. 14th

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise



AGENDA
April 4, 2003 Meeting

Joe R. Williams Building
700 W. State Street
Boise, Idaho

8:30 – 9:00	Welcome and explanation of process
9:00 – 10:00	Review all Intermediate Recommendations to determine those with consensus agreement
10:00 – 10:15	Break
10:15 – 12:00	Discussion and voting on Intermediate Recommendations that were not included in “consensus recommendations”
12:00 – 1:00	Lunch Provided – Basement Conference Room
1:00 – 2:00	Continue discussion and voting on Intermediate Recommendations
2:00 – 3:00	Discussion of 2020 Task Force “Vision for Idaho’s future”
3:00 – 3:15	Break
3:15 – 4:00	Discussion of Long-term issues that will be considered by Committees
	Set next full Task Force meeting date



IDAHO
Focus on the Future
www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smeck, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

AGENDA

June 24, 2003 Meeting

Joe R. Williams Building
700 W. State Street
Boise, Idaho

- | | |
|---------------|---|
| 8:30 – 11:30 | Key Committee breakout meetings to consider final long-term recommendations
<u>Revenue & Economic Development</u> , State Controller's Conference Rm., 5 th Floor

<u>Government Organization & Structure</u> – Division of Human Resources Conference Rm., 1 st Floor

<u>Education</u> – Dept. of Commerce Conference Rm., 2 nd Floor

<u>Public Safety, Transportation & Natural Resources</u> – Dept. of Finance Conference Rm., 2 nd Floor

<u>Health & Human Services</u> – Dept. of Insurance Conference Rm., 3 rd Floor |
| 11:30 – 12:00 | Get lunch – Eat/Meet in East Conference Room |
| 12:00 – 1:30 | Review all long-term recommendations to determine those with consensus agreement |
| 1:30 – 1:45 | Break |
| 1:45 – 3:00 | Discussion and voting on long-term recommendations that were not included in “consensus recommendations” |
| 3:00 – 3:15 | Break |
| 3:15 – 4:00 | Discussion of 2020 Task Force “Vision for Idaho’s future” |
| | Conclude |



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 5

Government and Organizational Structure Recommendations

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



GOVERNMENT STRUCTURE AND ORGANIZATION COMMITTEE MEMBERSHIP

Darrell Manning- Co-Chair

Member, State Board of Education, Former Adjutant General, Former Legislator,
Boise

John Tippetts- Co-Chair

Human Resource Manager, Agrium CPO, Former Idaho Legislator, Soda Springs

Velma Bahe

Past Chairman, Kootenai Tribe of Idaho, Bonners Ferry

Yvonne Ferrell

Former Director/Idaho Parks & Recreation, Boise

Duane Grant

Grain Producer, Rupert

Christine King

CEO, AMI Semiconductor, Pocatello

Annette Murray

Boise State University Student, Boise

Don Mitchell

Consultant, Boise

Dr. Billy Shipp

President & Laboratory Director, Bechtel, Idaho Falls

Staff Support

Administrative Support – Idaho Department of Labor

Eric Beck

Jean Hull

Kay Vaughan

Division of Financial Management Staff

David Hahn

Subject Matter Experts

Richard Elwood – Statewide Information Technology Coordinator

Ann Heilman – Human Resources Division Administrator

Pam Ahrens, Director, Department of Administration

Jan Cox, Department of Administration



GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE PRELIMINARY RECOMMENDATIONS

GOS PRELIMINARY RECOMMENDATION # 1

Use biennial budgets and appropriations, or make every other year a “maintenance of current operation” budget.

Basis for recommendation:

Preparing annual budgets and obtaining legislative appropriations are time-consuming, expensive processes for government. Eliminating one budget cycle, out of every two, promises to save up to half the cost of the processes. Provision must be made for accommodating unforeseen budget factors in “off-years,” particularly those related to significant difference between revenue projections and receipts, as well as rapid changes in Information Technology.

Provisions should be made allowing unspent-budget carry-over between fiscal years of a biennium. This will reduce end-of-fiscal-year spending behavior and minimize agency “use it or lose it” fears.

Advantages:

- Reduces time and money spent budgeting.
- Reduces time spent appropriating money.
- Minimizes premature or unnecessary spending by agencies.
- Allows agencies to defer spending until absolutely necessary rather than to meet an arbitrary date.
- Provides for amending or supplementing budgets when conditions make it necessary.

Disadvantages:

- Situations can change frequently and rapidly. Frequent fine-tuning may have the effect of returning to annual budgeting.
- The rapid pace of change in automation technology and the ability of the state to react and adapt, utilizing technology, to the needs of the citizenry may require frequent, special review.
- Doubling the amount of time and effort budgeting during the first year of the biennium will eliminate expected savings.
- Projecting revenues two years in advance is more difficult than one.

Budget Impact:

- One-time costs to modify accounting and tracking systems.
- Worst-case long term impact – budget neutral.
- Best-case long term impact – reduced costs.

Risks: Minimal to Low

Obstacles:

- Current state statutes.
- Difficulty in changing a well-established process and adapting to a new one.

Alternatives:

- Annual budgets and appropriations.
- See GOS Preliminary Recommendation 5.

Minority Opinion(s):

Possible Implementation Vehicle: Change state statutes.



GOS PRELIMINARY RECOMMENDATION # 2

Reorganize the Division of Vocational Rehabilitation (IDVR), Division of Professional Technical Education (DPTE), and the Office of the State Board of Education (OSBE) into one administrative unit with separate budgetary divisions reporting to the Executive Director of OSBE. The Administrators of the IDVR and the DPTE currently report to the Executive Director of OSBE but receive separate budgetary appropriations, which limits the ability to share administrative resources.

Basis for recommendation:

The Office of the State Board of Education (OSBE), Idaho Division of Vocational Rehabilitation (IDVR), and the Division of Professional Technical Education (DPTE) all are under the governance of the State Board of Education, are located in the same building, and the Administrators of IDVR and DPTE answer to the Executive Director of OSBE. Currently each agency requests and receives separate appropriations. These agencies each have their own fiscal and human resource support. Additionally each has varying levels information technology and public information support. The OSBE and DPTE duplicate functions such as oversight of institutional operations and program review and approval. Recent efforts to share reception and fiscal resources between the OSBE and DPTE have met with concerns regarding the appropriateness of utilizing resources appropriated to one agency to support the operation of another agency. This recommendation would eliminate the current barriers to added efficiencies and allow additional opportunities for increased efficiencies through the sharing of common resources.

Advantages:

- The sharing of resources will allow improved service delivery and reduce the negative impact of budgetary base reductions and holdbacks.
- The flexibility offered as the result of including the IDVR and the DPTE as a budgetary division of OSBE will allow future opportunities for increased efficiencies through the sharing of common resources.

Disadvantages: It will be important to assure that the advocacy for Idaho's Professional Technical Education system not be lost in this reorganization.

Budget Impact: No additional funds will be required to support this change. The resulting efficiencies to be derived will reduce future needs for increases.

Risks: Minimal

Obstacles:

- Accepting change is sometimes difficult.
- Requirements associated with the Federal grants must be observed.

Alternatives:

- Include Idaho Public Television (IPTV), Idaho School for the Deaf and Blind (ISDB), Idaho State Library (ISL), Career Information System (CIS), and the Idaho Historical Society (IHS).

Minority Opinion(s):



GOS PRELIMINARY RECOMMENDATION # 3

Agencies should make all their publications available on the Internet. When that is not possible (due to the cost, format, volume, or nature of the publications) agencies should provide Internet-based methods of requesting or ordering publications.

Whenever possible, the legislature should fund, and agencies should provide, convenient citizen access to government information and services using strategically placed kiosks, Internet-based applications, and public-use computers in state offices.

Basis for recommendation:

Citizens should have convenient, easy access to information and services provided by their government and be able to business with it at times, and in places, convenient to the public.

Advantages:

- Much of this recommendation can be immediately implemented by Executive Order.
- Reduced costs by reducing press run quantities.
- Immediate, convenient, widespread availability of publications.
- Reduced costs by using automation instead of people and facilities to provide services.
- Improved service to the public.
- Increased local presence.

Disadvantages:

- Not everyone has Internet access.
- Some paper publications will be necessary.

Budget Impact:

- Overall cost reductions.

Risks:

- Minimal.

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order



GOS PRELIMINARY RECOMMENDATION # 4

All required business and strategic plans must be flexible in their format and useful to the agency preparing them.

Establish a clearinghouse for sharing agency best practices. Furthermore, agencies should extend their review of best practices to those of their counterparts in other states.

Establish an official method of piloting new ideas to effect change in state government.

Basis for recommendation:

Business and strategic plans are effective tools for managing. Each agency should prepare useful plans. In order to justify the cost of preparing them, plans must be useful to agencies. In the past, required plan formats have not always met the unique needs of every agency – resulting in plans made to fit a particular format and then ignored because they did not meet the needs of the agency which prepared it. Agency discretion in plan format should be granted. The outside reviewers of these plans should adapt their thinking and assessment to the content of plans – and not require that plans adapt to one particular format.

Sharing ideas and best practices can help agencies innovate and avoid mistakes. The state should facilitate this exchange of information.

Failure in any function of government is avoided by agencies. While existing methods may not fail, they may not be the most effective. Implementation of new ideas introduces the risk of failure and, therefore, reluctance on the part agencies to try new things. The state should develop a risk tolerance and an official method of piloting new ideas as a mechanism to effect positive change in government operation. One example: the use of Purchasing Cards.

Advantages:

- Better coordinated management of state agencies.
- Better top-down direction.
- Useful planning documents.

Disadvantages:

Budget Impact:

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Vehicle for Implementation: Executive Order



GOS PRELIMINARY RECOMMENDATION # 5

Provide incentives for agencies to save money and defer spending until necessary.

Basis for recommendation:

Agencies generally defer their spending until necessary to accomplish their goals and objectives. Although annual appropriations require annual accounting and close-out, fiscal year end deadlines have the effect of motivating agencies to spend appropriated money – even when it would be acceptable to wait several months – rather than lose the money. The impetus to spend is further exacerbated when an agency's judgment, integrity, or management ability are subsequently questioned when it fails to spend all it was given, within the timeframe allotted.

Reducing future operating budgets by amounts prudently saved during the current year is disincentive to take advantage of one-time savings opportunities. Further, it does not take into account times when savings are produced by extraordinary efforts, which are difficult to repeat. It also ignores the interest earned on unexpended funds (still needed for the original purpose, but) unspent due to prudence, unexpected useful life, or circumstances beyond agency control.

While many motivators exist for spending appropriations, there are few for saving money or deferring expenditures. There are virtually no meaningful rewards for individuals or agencies to save money or reduce costs. More importantly, agencies that are able to consistently do more with less money are the very agencies, which demonstrate their ability to generate a high return on investment.

Agencies should be permitted to carry-over unspent appropriations for one quarter into the new fiscal year. Decision unit funding not spent in a fiscal year (or carry-over period) due to unforeseen circumstances or wisely deferred acquisitions should receive the highest priority in subsequent budgets unless otherwise requested by the agency.

A study should be conducted to identify methods to meaningfully reward individuals who save money.

Advantages:

- Saves money.
- Reduces unnecessary or untimely expenditures.
- Increases interests earned.
- Identifies and rewards agencies able to make a high return on investment.
- Focuses employee attention on saving time and money.
- Allows agencies to react to situations and opportunities.

Disadvantages:

- Accounting procedures and book-balancing are more difficult.

Budget Impact:

- One-time costs to modify accounting and tracking systems.
- Worst-case long term impact – budget neutral.
- Best-case long term impact – reduced costs and increased interest earned.

Risks: Minimal

Obstacles:

- Current state statutes.
- Difficulty in changing a well-established process and adapting to a new one.
- Delays accounting close-out for the fiscal year.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.



GOS PRELIMINARY RECOMMENDATION # 6

Consider consolidating the smaller, independent agriculture-related entities (primarily the small commodity commissions) in State Government into the Department of Agriculture.

Basis for recommendation:

Provides for rational governance, improved administration, better coordination, and continuity of agriculture-related services.

Advantages:

- Saves administrative costs.
- Improves the quality of administration.
- Provides for better coordination.
- Facilitates cooperative advertising and contracting.
- Provides for consistency and continuity in the services provided.
- More money is available for individual missions.

Disadvantages:

- Perceived loss of independence.

Budget Impact:

- More money will be available for individual missions.
- Will require some one-time costs associated with the change.

Risks:

Obstacles:

- Current state statutes.
- Office space demands.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): Change state statutes.



GOS PRELIMINARY RECOMMENDATION # 7

Change the statutes limiting employee bonuses.

Basis for recommendation:

Idaho Code now limits employee bonuses to a maximum of \$1,000 per employee per year – regardless of salary or the value of personal accomplishments. Bonuses may only be awarded for “excellent” work. Private industry rewards various kinds of employee performance and contributions, including: recruitment, retention, goal attainment, team efforts, extraordinary accomplishments and ideas, and cost savings. Employees whose suggestions, work, or performance saves the state money should also reap some of the rewards.

Bonuses are one-time payments, which do not represent ongoing obligations of the state.

Advantages:

- Improves present and future employee performance.
- Helps recruit and retain best employees.
- Focuses employee attention on saving time and money.
- Allows agencies to react to situations and opportunities.

Disadvantages:

- Undisciplined use is counter-productive or adds nothing to the bottom line.

Budget Impact:

- One-time annual bonus costs – theoretically offset by present and future savings or performance improvements.
- Worst-case long term impact – budget neutral if limited to annual savings in agency appropriations.
- Best-case long term impact – reduced costs and increased attention to cost savings.

Risks: Minimal if limited to annual savings in agency appropriations.

Obstacles:

- Current state statutes.
- Public perceptions about state employees and their compensation.

Alternatives: Remove bonus limit but require approval by DFM.

Minority Opinion(s):

Possible Implementation Vehicle(s): Change state statutes.



GOS PRELIMINARY RECOMMENDATION # 8

Use incentive pay methods employed by private industry when applicable.

Basis for recommendation:

Private industry rewards various kinds of employee performance and contributions, including: recruitment, retention, goal attainment, team efforts, extraordinary accomplishments and ideas, and cost savings. Employees whose suggestions, work, or performance saves the state money should also reap some of the rewards.

Advantages:

- Improves present and future employee performance.
- Helps recruit and retain best employees.
- Focuses employee attention on saving time and money.
- Allows agencies to react to situations and opportunities.

Disadvantages: Undisciplined use is counter-productive or adds nothing to the bottom line or may prove more costly.

Budget Impact:

Risks:

Obstacles:

- Current state statutes.
- Public perceptions about state employees and their compensation.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicles:



GOS PRELIMINARY RECOMMENDATION # 9

The state should improve and expand its management planning to include:

Financial Management

- Short and long-range forecasts of income and expenditures
- Projections of future Medicaid costs
- Short and long-range capital budget costs
- An independent analysis of fiscal notes on any new legislation

Capital (facilities) Management

- An agency-prepared 10-year facilities master plan – updated annually
- A move toward providing for at least 2% of capital value for maintenance
- Reporting of deferred maintenance on all building, highways, and bridges
- An improved system to determine priority-setting for capital construction at colleges and universities.

Managing For Results

- A State Strategic Plan containing goals and performance measurements which support the Governor's policy agenda
- Cascading department and division strategic plans which support the goals contained in the State Strategic Plan and employ the performance measurements contained therein
- Performance evaluations based upon adherence strategic plans
- Setting ambitious, measurable goals, making results-measurement a priority
- Promoting collaboration between departments
- Focusing measurements on outcomes rather than outputs
- Distinguishing between key and non-key measures
- Limiting the number of performance measures to a manageable level
- Linking plans to performance measurement, evaluation, and budgeting
- Making any reports short, understandable, and useable

Human Resources

- A Statewide Workforce Plan which accounts for current and future state workforce needs
- Training of supervisors in handling complex personnel issues
- Improving HR information systems, moving the State of Idaho toward being a single employer

Basis for recommendation:

Provision for forward-thinking, top-down enterprise planning is essential to the state's success. Anticipating further into the future will help moderate fluctuations in service delivery.

Advantages:

Disadvantages:

Budget Impact:

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicles(s):



GOS PRELIMINARY RECOMMENDATION # 10

Eliminate the individual governing boards of agencies operating under the review of the State Board of Education, or move the oversight of those agencies and their boards to a more appropriate location. The affected agencies include: the Idaho State Library (ISL), Career Information System (CIS), and the Idaho Historical Society (IHS).

Basis for recommendation:

Having an agency answer to two governing boards creates confusion, separates responsibility and authority, and is not an ideal management organization. Specific boards under the State Board of Education could be made advisory boards, or, alternatively, agencies could be moved to the Department of Self-Governing Agencies.

Advantages:

Disadvantages:

Budget Impact: Neutral

Risks:

Obstacles: Requires a law change

Alternatives: Status Quo

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation



GOS PRELIMINARY RECOMMENDATION # 11

Either repeal the Idaho Agricultural Labor Act or rewrite it, tailoring it to current conditions and needs.

Basis for recommendation:

Many of the definitions, provisions, and features contained in the Idaho Agricultural Labor Act have been addressed by more recent state and federal laws, making its value uncertain. The Act should either be repealed or, if an interested constituency exists, rewritten, making it consistent with related laws and applicable to prevailing conditions.

Advantages: Either eliminates archaic Idaho Code or updates it to meet present needs.

Disadvantages: Unknown.

Budget Impact: Budget neutral.

Risks:

Obstacles: Idaho Code §22-4103 to 4113

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation



GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE INTERMEDIATE RECOMMENDATIONS

GOS INTERMEDIATE RECOMMENDATION # 1

Revise the judicial election/appointment process. All three branches of state government should work together to develop a selection/retention process for district and appellate court judges using: retention in office, public funded campaigns, or some other method.

The governor should consider, but not be limited to, judicial council nominations when filling vacant judgeships.

Basis for re commendation:

Courtrooms should be presided over by trained, qualified legal professionals. Fundraising and election campaigns periodically divert jurists' attention from the bench and may provoke candidates into taking positions on issues, thus clouding impartiality in individual cases coming before the court. Nonetheless, judges should be accountable to the people.

To protect the public interest, the governor, in addition to considering judicial council nominees, should be free to consider and appoint other, qualified person when filling judicial vacancies.

Advantages: De-politicizes the Judiciary.

Disadvantages:

- May eliminate direct voter suffrage for judicial positions
- May reduce "local" control
- Nominees could be subjected to "litmus test" criteria for appointment or confirmation

Budget Impact: Budget neutral.

Risks:

Obstacles:

- Idaho Constitution Article V, Sections 6, 11, 23.
- Idaho Code § 1-2102, etc.

Alternatives:

Minority Opinion(s): Many members of the GOS Key Committee *clearly* expressed the desire to eliminate all political patronage from the judicial appointment/election process and to ensure that any committee recommendations would have that effect.

Possible Implementation Vehicle: Constitutional Amendment; State Legislation



GOS INTERMEDIATE RECOMMENDATION # 2

Review, with the goal of reducing, the number of boards, commissions, and councils, and trim the number of board members, commissioners, and council members of those remaining. As each is considered, the following guiding principles should be employed:

- There should be a present need for each entity's continuing existence.
- The activities and functions of the entity should be consistent with its original purpose and establishing legislation.
- Each entity should exist within one of the existing departments.
- Each entity should have the fewest number of board, commission, or council members as possible. Members should represent more than one constituency whenever possible.
- Constituency-representation composition and qualifications for board, commission, and council membership should be fitting for current conditions and present need.
- Entities with similar or related functions should be combined, regardless of their preference.
- Entities with enforcement and regulatory responsibilities can be combined with advisory and advocacy entities. The consolidated entity should be charged with establishing measures to preserve the integrity of both types of duties.
- As time passes, savings, due to consolidation of administrative staff and other efficiencies, should be devoted to the enumerated ends, objectives, and activities of the consolidated entity.

Basis for recommendation:

Although each was created because of conditions or need, the number of commissions, boards, and councils is unwieldy. Periodic review of these entities is appropriate to ensure effective, efficient government.

Advantages: More efficient government.

Disadvantages:

Budget Impact: Minimal.

Risks: Minimal.

Obstacles:

- Current state statutes
- Dedicated funds

Alternatives:

Have the Lieutenant Governor periodically review and report on the composition and need for each commission, board, and council.

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order.

GUIDING QUESTIONS FOR THE REVIEW OF INDIVIDUAL BOARDS, COMMISSIONS, AND COUNCILS

General Questions

- What is the organization's mission or charge and is it according to statute or executive order?
- How has the organization gone about seeking to accomplish its mission and what progress has been made?
- What statewide benefit is being realized?

Questions for the Review of Advisory Councils and Commissions

- What reports or other deliverables have been generated and how have decision makers utilized these reports?
- Are there councils/commissions that were created on an ad hoc basis that have become "standing" in nature and, if so, why?
- Can councils/commissions with similar missions be consolidated (e.g. Children at Risk Taskforce, Children's Trust Account Board, Governor's Coordinating Council on Families and Children) and how would consolidation impact the fulfillment of an organizations mission and service delivery?
- Can consolidation of a council/commission be justified politically, financially, and from a caseload and constituent/customer perspective?
- What rationale is used to determine an appropriate number of board, council, or commission members (e.g. District Magistrates Commission)? Is regional representation absolutely necessary?
- Can membership be reduced without jeopardizing a council/commission's fulfillment of its mission?
- What expenses have been incurred and are these expenses justifiable?

Questions for the Review of Regulatory Boards and Commissions

- What event, issue, or need prompted the creation of the board or commission? Is there still an issue or need that justifies the existence of the organization or should its statutory authority be repealed?
- How up-to-date is the board or commission's statutory authority? Are administrative procedures in compliance with the statutory authority?
- Is the administrative and policy making capacity adequate to fulfill the mission? If it is not adequate, how would consolidation enhance or limit administrative and policy making capacity?
- What changes, in terms of technology or accepted practices, may justify the abolishment, downsizing, or expansion of the board or commission (e.g. Shorthand Reporters)?
- Is the regulation of a particular profession absolutely necessary to protect public health and safety? How well is regulation by licensure protecting the health and safety of the public?

- How many licensees are there? Have the number of new applicants remained stable or have they increased or decreased over time? Have renewals remained stable, or have they increased or decreased over time?
- What does a review of the investigative and enforcement actions taken by a regulatory board or commission reveal? What is the ratio of complaints to enforcement actions against violators (In other words, is the organization simply a collection agency of licensing fee revenues, or is the general public actually being protected as a result of regulation and enforcement)?
- What procedures do regulatory boards or commissions have in place to handle complaints and violations of statute? Are these procedures effective in terms of properly protecting public health and safety and does the organization have the necessary resources to investigate and enforce its statutory provisions?
- What lawsuits have been filed against a board or commission and why? Are these lawsuits a reflection on the performance of the organization?
- Are there boards or commissions that continually operate in a deficit position and, if so, why?
- What have been the findings and recommendations as a result of audits by the Office of Performance Evaluation and Legislative Audits?



GOS INTERMEDIATE RECOMMENDATION # 3

Study the possible creation of a quasi-judicial function within the executive branch to preside over contested cases throughout the State of Idaho involving disputes between a state agency party and a private party where the party's rights, duties or privileges are required by Idaho law to be determined by the agency after notice and an opportunity for hearing.

Study participants should include the Office of the Attorney General, the judicial branch, and those executive branch agencies likely to be affected should such an agency be created.

Basis for recommendation:

Procedures for conducting hearings and providing due process vary widely among state agencies. Wide disparities exist in: the qualifications of hearing officers; the selection criteria for hearing officers; the timeliness of decisions; the degree of independence hearing officers have from agency participation in adjudicatory functions. Ensuring the timely, efficient, and impartial adjudication of these matters is in the best interests of the State and its citizens. A serious study of the matter is warranted.

Advantages:

- Promotes due process.
- Enhances the independence and perceived independence of the hearing officers.
- Increases accountability of the adjudication process of administrative matters.
- Establishes consistent procedures upon which all parties to a dispute, whether an agency or private citizen, can rely.
- Over a period of time, improves the cost effectiveness of the adjudicatory process by allowing for shifting of workloads typically delegated to hearing officers.

Disadvantages:

- Some matters may require a high level of expertise to effectively adjudicate.
- Priority of work not determined by the agency involved, yet the agency may be adversely affected by untimely decisions.

Budget Impact:

- Possible savings of administrative costs.
- Initial costs associated with establishment.
- After initial costs, the proposal is at least budget neutral. Each agency required to perform adjudication functions already has a budget for that purpose. The service, and the agency's responsibility for performing that service, would be shifted to a central agency that would handle all administrative adjudication. The ability to shift the work to areas of greatest need would likely result in a long-term cost savings.

Risks: Unforeseen.

Obstacles:

- The perception that the creation of another agency would increase the overall size of state government.
- Resistance of individual agencies and their constituents to giving over adjudication functions to an independent agency.
- Changes to existing statutes will be necessary, primarily the Idaho Administrative Procedures Act.
- Federal funding of some state programs could make it difficult to move the adjudication of disputes under those programs to another agency.

Alternatives:

- Maintain the status quo
- Establish a central office for administrative hearings, but allow agencies to participate on a voluntary basis.

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order; State Legislation.



GOS INTERMEDIATE RECOMMENDATION # 4

Provide incentives for state agencies and state employees to reduce the size and cost of government.

Basis for recommendation:

Providing incentives to, and eliminating perceived penalties for, reducing the size and cost of government will make the effort more successful.

Advantages:

- Allows agencies and employees to benefit from producing more efficiencies and taking on more work.
- Provides the possibility for pay increases for motivated employees.

Disadvantages:

- Requires control mechanisms and oversight.
- Subject to abuse and “paper savings.”
- Un-sustained improvements can prove costly over time.

Budget Impact:

- Possible savings.
- Costs associated with oversight and control mechanisms.

Risks: Without the proper controls, it may tend to encourage short-term thinking at the expense of long-term investments.

Obstacles: The widely held perception in the legislature and citizenry that they are already paying for lean operations, and the expectation that keeping their job is adequate motivation for employees to implement the same or similar cost savings.

Alternatives: Use incentive pay methods employed by private industry when applicable. (GOS Immediate Recommendation #8 adopted in December).

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation



GOS INTERMEDIATE RECOMMENDATION # 5

Merge the Idaho Disability Determinations Service (IDDS) into the Idaho Department of Labor (IDOL).

Basis for recommendation:

In late July 2002, the governor's office appointed Roger Madsen of the Idaho Department of Labor (IDOL) to be the interim Director for the Idaho Disability Determinations Service (IDDS). Prior to that time, IDDS reported directly to the Governor. IDDS is only one of two DDS's in the nation that report directly to a governor. All other state DDS agencies report to a larger state agency within the state organization.

Advantages:

- Eliminates direct oversight by the governor of a small agency (54.8 FTE's).
- Both agencies write decisions regarding an individual's rights to benefits. IDDS issues decisions regarding benefits under Title II (disability benefits) and Title XVI (supplemental security benefits) for the Social Security Administration. IDOL issues decisions for Unemployment Insurance benefits.
- IDDS federal reporting requirements, i.e. performance measures for decisions regarding production, quality and time lapse are very similar to the federal reporting requirements of the unemployment insurance program.
- IDDS funding mechanisms are similar to IDOL funding mechanisms, i.e. both agencies are primarily federally funded; therefore, accounting functions could be centralized in one agency. Other areas that could be centralized within the larger agency are Information Technology, Human Resource and program and automation training.
- Under the leadership of Roger Madsen, the Idaho Unemployment Insurance program performance moved from 46th in the nation in 1995 to the top five in the nation by 1998 and has remained in the top 10 for the past four years. IDDS has improved its production performance from 42nd in the nation for 1st Quarter of 2002 to #4 in the nation for 1st Quarter of 2003.
- Over the past seven months, IDOL has developed a working relationship with IDDS staff and management, and is now familiar with their processes.

Disadvantages: None evident.

Budget Impact: Budget neutral.

Risks: Minimal to low.

Obstacles: None evident.

Alternatives:

- Maintain the status quo
- Merge the agency with another state agency that has oversight of medical issues.

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order.



GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE LONG-TERM RECOMMENDATIONS

GOS LONG-TERM RECOMMENDATION # 1

Remove the cap on the maximum number of unused sick leave hours state employees may use toward paying health insurance premiums in retirement.

Basis for recommendation:

Time employees spend away from their jobs is productive time lost to the state of Idaho. Giving people a benefit for unused sick leave provides an incentive for them to not take sick leave unless they absolutely have to do so. Health insurance costs are rising. Employees are concerned about paying premiums in their retirement years. This proposal would reward employees who have provided diligent state service.

Currently, 50% of a maximum of 1,200 hours of unused sick leave at retirement may be used to toward paying health insurance premiums in retirement, using the following formula: Maximum allowable hours of unused sick leave / 2 x hourly wage at time of retirement. Actuarial estimates of the marginal cost increase from doubling the limit or removing the limit completely is very small – amounting to an increase of 0.45% of pay.

Advantages:

- Promotes the wise use of sick leave.
- Brings State employee benefit into parity with benefit to School District retirees.
- Assists retirees faced with high insurance premiums and limited income.

Disadvantages:

Budget Impact: A small increase (0.45%) in State contributions to the existing program.

Risks: Minimal.

Obstacles: Idaho Code Section §67-5339.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.



GOS LONG-TERM RECOMMENDATION # 2

Change the function of the Soil Conservation Commission from directing to that of advisory to the Idaho State Department of Agriculture (ISDA).

Basis for recommendation:

Consistency within the activities of the ISDA is important. Self-governing, directing units within the department can be counterproductive.

Advantages: Allows more money to be invested in soil conservation.

Disadvantages:

Budget Impact: Budget neutral.

Risks: Minimal.

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.



GOS LONG-TERM RECOMMENDATION # 3

The Office of Performance Evaluations, or some other independent entity, should conduct a study of the organizational structure and functions of the Department of Health and Welfare (DHW) to determine if, or how, it might be better organized.

Basis for recommendation:

The considerable size and budget of DHW dictate that the state carefully analyze the structure and functions of this agency.

The Government Organization and Structure Key Committee (GOS) has reviewed and approves of the initiatives recently implemented by DHW Director, Karl Kurtz, and believes it best to let them run their course. It is especially encouraging to see the reorganization of the seven regional offices – aligning policy implementation consistently throughout the state. Future plans include integration of care plans for child support, physical health, and mental health. All these are expected to benefit from integrated eligibility and case management processes and exit plans for those receiving services. Furthermore, there appears to be a greater level of cooperation, on the part of DHW, with agencies having similar or related duties – principally those related to human services, interventions with families and children, dealing with troubled youth, and training. Progress in these areas is promising and should continue.

The GOS Key Committee has considered numerous organizational changes, including:

- following the State of Utah's model which has strong emphasis on Workforce Services
- breaking DHW into smaller, more discrete units
- consolidating certain functions (such as client training or retraining) into other agencies

However, due to the costs and potential risks associated with making significant changes, it was determined that it is not in the public interest to do so without a careful, comprehensive study.

Advantages:

- A clear understanding of costs and benefits is essential before major changes should be made.
- The top management of DHW is making positive changes and should be allowed to continue their work.

Disadvantages:

Budget Impact: The cost of the study.

Risks: None anticipated.

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



GOS LONG-TERM RECOMMENDATION # 4

Conduct a study of employee leave policies. Consider combining earned leave categories, such as: Annual, Sick, and Earned Administrative Leave.

Basis for recommendation:

It is not critically important for the state to know why employees are absent. Accounting for earned leave may serve no useful purpose.

Advantages:

Disadvantages:

Budget Impact:

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



RECOMMENDATION: GOS Long Term Recommendation # 4

MINORITY REPORT: NANCY VAZQUEZ

State Employee benefits have diminished over the past ten years. This has resulted in state employment being less attractive for new employees and has hampered the ability to retain trained state employees. In the past ten years, state employees have seen:

- the abolishment of longevity pay
- lack of support for funding the Hay compensation plan
- no cost of living pay
- a change to merit pay only
- reluctance to enhance the PERSI retirement system
- the loss of an independent voice on recommendation of state employee pay increases
- increased health insurance premiums/decreased health insurance coverage
- elimination of the State Print Shop
- cap on employee bonuses
- lay offs due to funding reductions and holdbacks
- state hiring freeze
- freeze on pay increases

All of these actions have had a direct impact on state employees. State employees continue to work hard and hope to be treated fairly. This recommendation implies that there is a better system for employee leave. However the recommendation does not provide any rationale for changing the system nor does it provide any alternative leave policies that will not cause harm to state employees.

In speaking with the State Controller, Keith Johnson, he indicated that his department tracks leave separately. He further stated that tracking it separately does not create a problem for his office.

By changing the leave from specific categories, several benefits to state employees would be impacted. Further legislation would need to be passed to address these critical issues. Additionally, vacation leave and sick leave are earned at different rates. Vacation leave accrual is increased in five-year increments with a maximum rate at 20 years of service. Sick leave accrual rates are static.

Right now, state employees are able to convert sick leave at retirement to purchase health insurance. State employees are supportive of GOS Recommendation #1, which lifts the cap on the amount of sick leave that could be converted. If the leave is not tracked and there is only one type of leave, how will the state be able to continue with this benefit?

State employees also fought a long battle to establish a sick leave bank. The legislature would not allow state employees to donate sick leave but required donation of vacation

leave. The sick leave bank has been a great benefit to state employees who have exhausted all their leave and find themselves or a family member suffering from an illness that requires the state employee to miss work. This is a great benefit to state employees in order to continue to pay their bills, buy food, and pay for their housing. What would happen to this benefit without a separate accounting of leave?

Idaho Department of Labor has a closed retirement system. Under this retirement system, IDOL employees who are eligible to retire from this system can convert their sick leave balance to months of credited service. What will happen to the DOE retirement system of sick leave conversion if leave is not tracked?

In order to retain and attract state employees, the State of Idaho should seek to be the model employer. Decreasing benefits, in the current economic conditions and with the lack of pay raises for the past two years, does not send the appropriate message to state employees. Changing the leave policy would be an additional economic hardship for state employees.

NOTE: This recommendation passed by a very slim majority of the full committee.



GOS LONG-TERM RECOMMENDATION # 5

Minimize the use of preprinted agency letterhead by using computer-generated forms.

Basis for recommendation:

Computer printing technology is sufficiently advanced to permit cost effective printing of letterhead, and other forms, along with text at the same time – minimizing the need for preprinted forms. Implementation of such a practice will eliminate reprinting costs caused when personnel, phones, or addresses change.

Advantages:

- Greater efficiency and savings to the state.
- The technology can provide adequate quality for routine communications.

Disadvantages: Cost savings may not be present when color printing is necessary.

Budget Impact: Cost savings are likely.

Risks: Minimal.

Obstacles: Agency preferences and procedures

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



GOS LONG-TERM RECOMMENDATION # 6

Co-locate small state agencies in the same building.

Basis for recommendation:

There are many small state entities located in the Boise area, each renting their own facilities, having their own phone and office systems. Cost-saving potential exists if these small entities were co-located. Telecommunications equipment, some computer resources, and office equipment could be shared. Common areas could be minimized or reduced. Co-location of state offices in locations other than the Boise area should also be considered when practical.

Advantages:

- Greater efficiency and savings to the state.
- Minimizes duplication of infrastructure items, which can be effectively shared.
- May provide more convenient public access to government by minimizing the number of locations.

Disadvantages:

- If leased, coordination of existing lease expirations and coordinated moves may be difficult.
- Agencies needing to expand may have difficulty in doing so if space is not available. In those cases where expansion is unavoidable, premises costs for those agencies remaining may increase if another, appropriately sized, state agency tenant cannot be found.
- Agencies needing to contract may realize no premises costs savings in doing so.
- Some computer systems cannot be cost-effectively shared.
- Parking, particularly for the public, must be adequate.

Budget Impact:

- High initial construction costs if a state-owned facility.
- Study required to predict future savings.

Risks: Study required to determine risks.

Obstacles:

- Existing leases
- Funding for construction

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



GOS LONG-TERM RECOMMENDATION # 7

Consolidate self-governing licensing boards and commissions into a Division of Occupational Licensing within the Department of Self-governing Agencies.

The Division of Occupational Licensing should include three (3) bureaus: a Health Professions Bureau (HPB); a Business & Technical Professions Bureau (BTPB); and a Management Services Bureau (MSB). The HPB will provide support to all health related boards. The BTPB will provide support to the non-health related boards. The MSB will provide the necessary internal support to the Division.

Boards that set qualifications and standards, investigate complaints, and impose discipline, necessarily require a degree of autonomy from licensing and regulatory bodies. Care must be taken to preserve all necessary aspects of autonomy for such boards during reorganization.

Basis for recommendation:

The current organizational and financial structure of self-governing licensing boards and commissions includes:

- 30 licensing entities with the mission to protect public health, safety, and welfare through the licensing of practitioners within professions regulated by the boards;
- 18 of the 30 boards currently centralized under the Bureau of Occupational Licenses;
- 12 boards having their own individual staff and office space;
- 21,000 licensees supported by the Bureau of Occupational Licensing which has 17 Full-time Positions (FTP) and FY 2002 actual expenditures of \$1.3 million, resulting in a cost per licensee of \$62.00;
- In excess of 55,000 licensees supported by the staff of the 12 individual boards which have 64 FTPs and FY2002 actual expenditures totaling \$5 million, resulting in a cost per licensee of \$91.00;
- Combined salaries and benefits for the executive personnel of the 12 boards totaling \$700,000;
- Administrative capacity of staff and executive directors that varies considerably, depending upon the size of the board and the competence of its executive director.
- Consolidation of these entities will provide ample opportunities to improve efficiencies and save overhead costs – potentially saving as much as \$3 million annually.

Advantages:

- Maintains autonomy of boards and commissions.
- Provides uniformity in licensing and regulation enforcement.
- Consistent or improved service.
- Reduces costs.
- Based upon a proven organizational model.

Disadvantages:

Budget Impact:

- Worst-case long-term impact – budget neutral.
- Best-case long-term impact – annual cost savings as high as \$3 million.

Risks:

- Failure to maintain effective regulatory oversight during the reorganization period.
- A *perceived* loss of autonomy, control, and regulatory oversight. Care must be taken during reorganization to avoid an *actual* loss of necessary autonomy, control, and regulatory oversight.

Obstacles:

- Current state statutes.
- Dedicated funds.

Alternatives:**Minority Opinion(s):****Possible Implementation Vehicle:**



GOS LONG-TERM RECOMMENDATION # 8

Conduct an independent study of the state's accounting and reporting system, STARS, and its interfaces with agency financial management systems, and assess its adequacy to meet the current and future needs of the state. The purpose of the study is to consider the feasibility of adopting a centralized financial management system that allows flexibility of individual agency specialized requirements. The study should consider needs and evaluate existing financial systems and identify opportunities for shared efficiencies and cost savings. Particular attention should be given to the convenience of its use and its efficiency in producing: standard accounting reports, the Comprehensive Annual Financial Report (CAFR), and other financial and statistical information needed by the state's policy makers.

The Office of the State Controller, in conjunction with the Division of Financial Management (and other policy makers) should determine the type, format, transmission method, and level of detail for information required from agency-based financial management systems for enterprise use. Whenever possible, executive-branch agencies developing, renovating, or changing financial management systems (or major components) should consider the feasibility of designs which lend themselves to use by other agencies as well. The Division of Financial Management should be involved in the design phase of such projects.

Basis for recommendation:

It is reasonable to expect an enterprise the size of the government of the State of Idaho to have unified, consistent accounting practices and reporting. The state's ability to adapt to changing conditions requires timely, accurate accounting and statistical information. The chief executive, legislature, and elected officials require this information in order to make sound policy decisions. The state's credit rating depends upon timely, accurate accounting reports and sound policy decisions.

The existing STARS accounting system, and other centralized systems such as payroll and human resources, generally meet the needs of the state as an enterprise. However, some improvements are desirable, such as: a data repository for ad hoc querying of financial information. Therefore, an assessment of the system is in order. Further, it is recommended that serious consideration be given to the findings of the assessment. If changes are needed, they should be adequately funded.

Many agencies have financial management and information needs which do not apply to the state generally. For example, federal grant conditions, endowments, cost accounting, labor/time distribution, cost allocation systems, financial aid, and student-based registration/accounting are financial system components needed by only a few entities. Even when there are shared requirements, they may yet be so dissimilar in their detail that common sub-systems are impractical to develop and maintain. Nevertheless, when sharing of these components is practical, agencies should do so and opportunities for doing so should not be overlooked.

While the accounting information of the state is important, care should be taken when determining reporting requirements to avoid unnecessarily adding to the workload of agencies.

Advantages:

- Gives an unbiased assessment of the strengths and weaknesses of the states accounting system.
- Identifies opportunities for improvement.
- Encourages cooperation between agencies having similar requirements and avoids unnecessary duplication.
- Identifies essential information needed by policy makers.
- Meets the needs of the state as a whole as well as the needs of individual agencies.

Disadvantages:

- Cost of the study.
- If serious deficiencies are discovered, the cost to correct them will be realized by the state.

Budget Impact: Budget neutral.

Risks: Minimal.

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



GOS LONG-TERM RECOMMENDATION # 9

As the State of Idaho uses technology to conduct business it should strive to meet the goals of:

- Improving the state's responsiveness to citizens;
- Improving government effectiveness;
- Making it easy for citizens to obtain service and information from state government.

In the future, when developing or modernizing e-government systems, agencies should design them to be citizen-centered and results oriented, resulting in:

- Simplifying delivery of services and information to the citizens
- Streamlining government operations
- Creating one-stop points of service which are easy for citizens to find, access, and use
- Providing rapid response to citizens' needs
- Eliminating redundancy not necessary for robust, high-availability service delivery
- Eliminating duplication of effort for individuals and business when collecting data, auditing, or issuing licenses and permits
- Reducing costs
- Improving service
- Giving appropriate consideration to privacy and information security
- Achieving the Governor's strategic planning objectives

State policy makers should take greater advantage of the knowledge and experience of the agencies' information technology (IT) professionals when setting technology policies, standards, and directions.

Basis for recommendation:

Society has become increasingly interconnected – depending heavily upon computers, electronic communications, and the Internet. As a result, citizens expect high levels of service 24 hours a day, seven days a week. Government cannot easily meet this expectation using traditional methods, and must rely upon technology to help it do so.

Technology has become an integral part the business processes of state agencies, providing them the ability to rapidly adapt to their unique needs and to better serve the public. Therefore, in order to obtain the greatest advantage from its efforts, it is important for the state to establish overall objectives and the expected results (as outlined in this recommendation) for agencies to use as they employ technology to accomplish their missions. Furthermore, agencies can more quickly embrace opportunities afforded by rapidly changing technology if they understand the state's overall IT goals and the expected results.

While it is important for the state's highest policy makers to say what they want accomplished, it is equally important for the states technology workers to help determine how (the technical details) to accomplish it. The state possesses a vast reservoir of education, knowledge, experience, and skill in its IT workers, and should seek every opportunity to take greater

advantage of their expertise and advice when determining technology policies, standards, guidelines, and directions.

Advantages:

- Goals and the expected results are clearly enumerated.
- Agencies can be evaluated as to how well they meet the goals and achieve the expected results.
- More effectively uses the state's IT assets and expenditures.
- Is adaptable to when high-level policy makers change.

Disadvantages:

Budget Impact:

- Initially, budget neutral.
- Long-term cost savings and improved service are expected.

Risks: None.

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order.



GOS LONG-TERM RECOMMENDATION # 10

The state should continually review and update its purchasing laws, policies, procedures, methods, and techniques – making them more efficient, cost-saving, and convenient to use.

Basis for recommendation:

Technology advances have changed the way public and private entities buy and sell. Idaho has developed an Internet-based purchasing system, which should continue to be improved so agencies and vendors prefer to use it rather than a paper-based process. Financial instruments, such as Purchasing cards (P-cards) and multi-vendor contracts, present the potential for efficiencies in acquisition and payment efficiencies if properly controlled and used.

The requirement to go through the bidding process should be eliminated if agencies are able to obtain a purchase price, which is at or below the published GSA price.

Obstacles to “design and build” contracts should be eliminated – vendors participating in analysis, consultation, or design phases of projects should not be prohibited from bidding on the build, implementation, or operation phases of projects.

It may be necessary to change the source of funding for the Division of Purchasing to not depend upon state contracts.

Advantages: Greater efficiency and savings to the state.

Disadvantages:

Budget Impact: Worst case – budget neutral.

Risks: Minimal.

Obstacles: Statutes, policies, procedures.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order; State Legislation.



GOS LONG-TERM RECOMMENDATION # 11

Consolidate operation and oversight of state government records management programs currently located in the Department of Administration (specifically the State Records Center in the Division of Purchasing), the Idaho State Library (specifically the State Publications section of the ISL), and the Idaho State Historical Society (specifically the State Archives in the Historical Library and Archives Division of the ISHS) under a single administrative function. Consideration should be given to placing the consolidated records entity within the Department of Self-governing Agencies or in the office of an elected official.

Basis for recommendation:

Placing closely related functions within state government under administration of one entity is an appropriate step toward better coordination and improved efficiency of management and preservation of physical records of the State of Idaho and other government organizations (i.e., counties, cities, districts). Meeting statutory requirements and state records guidelines set by the Information Technology Resource Management Council (ITRMC), the State Historic Records Advisory Board (SHRAB), and other records-related entities would be the responsibility of a single management function that could more closely assure the intent of the legislature and others are being recognized, and that resources sufficient to deal with such needs are being appropriately sought and utilized.

Advantages:

- Improves cost-effectiveness by reducing duplication of job duties, operations and equipment through consolidation of record-related services currently found in three agencies under one administrative entity.
- Improves coordination and efficiency in the production, access, distribution and preservation of state records and documents as recommended in the 2002 report of the SHRAB.
- Enhances the opportunity for creation and implementation of strategies for handling and preserving significant state electronic records of archival importance by placing input into the ITRMC and its decision-making process on policies under one coordinated jurisdiction.
- Overcomes the increasing “blur” between the definition of agency records and publications that is being seen as a result of increased use of an electronic format by placing oversight and coordination of both functions within one agency.

Disadvantages: Might require short-term expenditures to relocate records material and equipment from three facilities to one location to fully maximize long-term efficiencies

Budget Impact:

- Possible initial costs, thereafter, worst case – budget neutral
- Possible savings of administrative costs.
- Possible savings through elimination of duplicate distribution of material.

Risks: Minimal to low.

Obstacles: Identification and transfer of records-related funds within the existing entities.

Alternatives: Status quo.

Minority Opinion(s):

Possible Implementation Vehicle: Executive Order, Legislation.



GOS LONG-TERM RECOMMENDATION # 12

Reduce the majority vote requirement to 60% for passage of a school bond election when held in the Primary or General Elections.

Basis for recommendation:

The frequency and cost of special elections, and the inconsistent use thereof throughout the state, suggest the need to provide incentive to school districts to consolidate bond elections with other, regular elections.

Advantages:

- Reduced costs due to special elections.
- Emergency elections could still be held but would retain the higher majority requirement.

Disadvantages:

Budget Impact: Election cost savings.

Risks:

Obstacles: Current state statutes.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 6

Government and Organizational Structure Agendas and Minutes

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE

MEETING SCHEDULE

October 11, 2002

October 24, 2002

November 13-14, 2002

January 7, 2003

February 5, 2003

March 5, 2003

June 24, 2003

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure

October 11, 2002

10:30 a.m. – 3:30 p.m.

5th Floor Conference Room, Office of the State Controller

Attendees

Co-Chairs:

Darrell Manning
John Tippets

**Key Committee
Members:**

Jerry Ethridge (for Billy Shipp)
Duane Grant
Don Mitchell
Annette Murray

**Subject Matter
Experts:**

Rich Elwood, Administration, ITRMC
Lyle Gessford, Administration, Division of Purchasing
John Glerum, Commerce

Support Staff:

Eric Beck, Labor
David Hahn, Division of Financial Management
Jean Hull, Labor

Next Meeting:

Thursday, October 24, 2002
9:00 a.m. – Noon
Room 126, State House

Discussion Points

Introductions:

Key Committee members, subject matter experts, and support staff briefly introduced themselves.

Housekeeping:

There was a discussion regarding procedural issues and meeting frequency. Darrell Manning indicated he expected the Key Committee to prepare an interim report to the Idaho 2020 Blue Ribbon Task Force by November 30, 2002. The next meeting of the Key Committee was set for Thursday, October 24, 2002, 9:00 a.m. – Noon, in Room 126 of the State Capitol Building.

Objectives:

The objectives of the Key Committee were discussed. Among the items the Committee will review and address are:

- All three branches of government: Executive, Legislative, and Judicial.

- Short-term financial problems.
- Long-term government directions with the year 2020 in mind.
- Cost efficiencies.
- What Idaho government does and how it does it.
- What is done well and where there are deficiencies.
- Government activities and services which might be stopped, if they are no longer needed or effective, or started if needed and not currently provided.
- Recommendations to other Idaho 2020 Blue Ribbon Task Force Key Committees to closely examine matters not directly related to the work of the Government Organization and Structure (GOS) Key Committee.

Governor's Executive Budget:

David Hahn, Division of Financial Management, briefly reviewed the Governor's Executive Budget. Idaho state government organizational charts and copies of the *2001 – 2002 Idaho Blue Book* were distributed.

State Deficit Spending:

The Idaho constitutional mandate prohibiting appropriations and expenditures from exceeding taxes during a fiscal year was reviewed. Possible near-term solutions to projected budget problems were discussed, including:

- One-time money
- Taxes
- Elimination of sales tax exemptions
- Expenditure reductions

Political Ramifications:

The Co-Chairs pointed out that while proposals by the GOS Key Committee might carry very real political ramifications, they wanted everything on the table for review. While the Committee is free to propose any solutions, members should know that others, such as legislators, might have differing views. One example: some legislators would prefer implementing spending cuts before any discussion of tax changes or increases take place. The Co-Chairs repeatedly expressed a willingness and desire to look at all aspects of government, including revenue generation and expenditures, regardless of the political ramifications.

Agency Directors:

It was suggested the GOS Key Committee invite selected Agency Directors to appear before it and discuss items such as:

- Ideas for improvement.

- Cost cutting ideas.
- Proposing how they would accommodate a specified budget cut (i.e. 3%, 5%, 15%).
- Prioritizing all the work of the agency and then ask what would happen if the lower priority items were eliminated.
- Where investments should be made.
- What can be outsourced.
- Suggestions for ways to increase revenue.
- Suggestions for ways to reduce expenses.
- Ways to partner with other agencies and do common tasks.
- Using a statewide view of Information Technology and Purchasing, determine ways of sharing resources or building upon the successes already experienced.

Questionnaire:

In addition to inviting selected agency directors to meet with the GOS Key Committee, it was suggested that a questionnaire be prepared for all agencies. The questionnaire would provide a uniform method of obtaining agency feedback using questions similar to those posed to the agency heads appearing before the Committee.

Outsourcing:

The Committee discussed the possibility of more outsourcing, including:

- All school districts have personnel and systems for payroll. The State of Idaho pays all operating expenses of school districts except buildings. The question was asked: does it make sense for each school district to have a payroll unit?
- State Purchasing.
- Areas not part of “core government competencies.”

School District Consolidation:

The possibility of consolidating Idaho’s 144 school districts into logical geographical boundaries or within county boundaries was briefly discussed.

Dedicated Fund Agencies:

The Committee discussed the existence of agencies operating with dedicated funds. The Committee intends to include “dedicated fund” agencies in its review.

Role of State Government:

The role of State government was reviewed. The Idaho Constitution was cited, as were statutory and regulatory roles. Members of the Committee want to identify core government services and essential programs and

believe the structure of the government should provide them. They also expressed the desire to determine a yardstick by which government should be measured and budgets determined.

It was generally agreed that the Committee could also propose policies or changes that promote, preserve, protect, and nurture the quality of life in Idaho. It was determined that representatives of the Department of Environmental Quality and the Department of Fish and Game could speak to the topic of practices promoting the quality of life we enjoy today and want for our children and grandchildren.

Small agencies and commissions:

Discussion centered upon the number of small agencies and commissions – each having their own executive and support staff. Many of these entities report to boards, often much larger than the commissions themselves. There was a discussion of possibly consolidating similar or industry-related commissions – at least for the purpose of sharing support staff, telephone systems, and office equipment.

Action Items		
Item	By Whom	When
Select and invite agency heads to meet with the GOS Key Committee.	Co-Chairs Darrell Manning John Tippetts	October 24, 2002
Prepare questionnaire for agency directors soliciting agency feedback using questions similar to those which will be posed to the agency heads appearing before the Committee.	Co-Chairs Darrell Manning John Tippetts	October 24, 2002
Pursuant to discussion on various matters, submit written suggestions to Co-Chairs.	Rich Elwood David Hahn Lyle Gessford	October 24, 2002
Prepare and submit an Interim Report to Idaho 2020 Blue Ribbon Task Force.	GOS Key Committee	November 30, 2002



GOVERNMENT ORGANIZATION AND STRUCTURE COMMITTEE
OCTOBER 24, 2002
9:00 – NOON, ROOM 126, CAPITOL BUILDING

AGENDA

- | | | |
|---|---|---|
| 9:00 | INTRODUCTORY REMARKS | DARRELL MANNING
JOHN TIPPETS |
| 9:10 | DEPARTMENT HEAD PANEL | |
| 10:30 | BRAINSTORMING SESSION – | |
| WHAT ISSUES DO WE WANT TO ADDRESS? | | |
| | <ul style="list-style-type: none">▪ BOARDS AND COMMISSIONS AND STATE AGENCIES▪ CONSTITUTIONAL ISSUES / ELECTED OFFICIALS▪ BUDGETING▪ INFRASTRUCTURE ISSUES▪ LOCAL GOVERNMENT▪ OTHER ISSUES | |
| 11:50 | ASSIGNMENTS | |
| 11:55 | NEW BUSINESS | |
| 12:00 | ADJOURN | |

BOARDS AND COMMISSIONS AND STATE AGENCIES

- WHAT IS THEIR ROLE? IS IT NECESSARY?
- HOW ARE THEY ORGANIZED NOW?
- WHAT ARE THE ALTERNATIVES?
- COULD SOME BE ELIMINATED?
- SHOULD SOME BE COMBINED OR REORGANIZED TO REDUCE THE NUMBER/ GAIN EFFICIENCIES?

EXAMPLES:

ELIMINATE COMMISSIONS OR BOARDS ON SOME STATE AGENCIES (TRANSPORTATION; CORRECTIONS)

COMBINE COMMISSION ON HUMAN RIGHTS, HISPANIC COMMISSION, WOMEN'S COMMISSION

COMBINE ALL AGRICULTURE COMMISSIONS INTO ONE

COMBINE LOTTERY COMMISSION AND LIQUOR DISPENSARY, HORSE RACING, BINGO - RAFFLE

COMBINE PARKS AND RECREATION, LANDS, WATER RESOURCES AND DIVISION OF ENVIRONMENTAL QUALITY, INTO A DEPARTMENT OF NATURAL RESOURCES

COMBINE VOCATIONAL REHABILITATION, IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED, AND INDUSTRIAL COMMISSION VOCATIONAL REHABILITATION INTO ONE

COMBINE ADULT CORRECTIONS AND JUVENILE CORRECTIONS

COMBINE DIVISION OF FINANCIAL MANAGEMENT AND THE LEGISLATIVE SERVICES OFFICE

COMBINE IDAHO STATE LIBRARY, HISTORICAL SOCIETY

SPLIT HEALTH FROM HEALTH AND WELFARE; COMBINE HEALTH WITH PUBLIC HEALTH DISTRICTS INTO HEALTH DEPARTMENT

COMBINE WELFARE, AGING, IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED, VOCATIONAL REHABILITATION, INDUSTRIAL COMMISSION VOCATIONAL REHABILITATION, DIVISION OF HUMAN RESOURCES, AND THE STATE OCCUPATIONAL INFORMATION COORDINATING COMMITTEE (SOICC) INTO DEPARTMENT OF HUMAN RESOURCES

- SHOULD THERE BE CENTRALIZED SUPPORT, SUCH AS HR, IT, OR LEGAL SUPPORT, FOR BOARDS AND COMMISSIONS?
- SHOULD WE EXPLORE OTHER EFFICIENCIES IN ORGANIZATION OF THE BOARDS AND COMMISSIONS, FOR EXAMPLE, SCALE BACK ON THE DUTIES OF THE TAX COMMISSIONERS (THEY CURRENTLY OPERATE WITHOUT AN EXECUTIVE DIRECTOR, SO WE IN EFFECT ARE PAYING FOUR EXECUTIVE DIRECTORS TO HANDLE SPECIFIC PROGRAM AREAS. ONE EXECUTIVE DIRECTOR MIGHT VASTLY REDUCE WORKLOAD).
- SHOULD THERE BE BETTER ORIENTATION AND OCCASIONAL ONGOING TRAINING FOR BOARD/COMMISSION MEMBERS?
- SHOULD THE GOVERNOR OR LT. GOVERNOR BE MEETING WITH BOARD AND COMMISSION MEMBERS ON A REGULAR OR "AS NEEDED" BASIS TO AVERT POTENTIAL PROBLEMS?

CONSTITUTIONAL ISSUES / ELECTED OFFICIALS

EXAMPLES:

ELIMINATE SOME ELECTED STATEWIDE OFFICES (LT. GOVERNOR, STATE CONTROLLER, ETC.)
AND HAVE THEM APPOINTED BY THE GOVERNOR
CONSOLIDATE CONTROLLER, TREASURE, AND SECRETARY OF STATE OFFICES

BUDGETING

EXAMPLES:

SHOULD STATE AND/OR DEPARTMENT BUDGETS BE BIENNIAL INSTEAD OF ANNUAL? OR
EXPANDED ONE YEAR AND ONLY SUPPLEMENTAL OR AMENDED THE NEXT?
SHOULD WE ADOPT A ZERO-BASED BUDGET SYSTEM, AND ENFORCE PERFORMANCE MEASURES
MONITORING?

INFRASTRUCTURE ISSUES

EXAMPLES:

SHOULD WE STREAMLINE HR FUNCTIONS BY EITHER ELIMINATING DHR AND ASSIGNING
FUNCTIONS TO THE INDIVIDUAL AGENCIES, OR ELIMINATING THOSE FUNCTIONS FROM THE
AGENCIES AND CENTRALIZING THEM IN DHR?

SHOULD WE BE LOOKING AT MORE CENTRALIZING OF INFORMATION TECHNOLOGY FUNCTIONS?
FOR EXAMPLE, CREATING THE CAPACITY IN ADMINISTRATION FOR SERVING SMALLER
AGENCIES' INFORMATION TECHNOLOGY NEEDS?

SHOULD WE CENTRALIZE THE VEHICLE MOTOR POOL, OR AT LEAST FOR SMALLER AGENCIES?

LOCAL GOVERNMENT

ARE THERE LOCAL GOVERNMENT (COUNTY, CITY) ISSUES WE SHOULD BE ADDRESSING?
EXAMPLES:

MAKE MOST COUNTY OFFICERS APPOINTED RATHER THAN ELECTED (CORONER, SHERIFF,
TREASURER, ETC.)

OTHER ISSUES

EXAMPLES:

EXAMINE MEDICAL COVERAGE AND THE PERCENT PAID BY EMPLOYEES VS. THE STATE

ELIMINATE FULL COVERAGE FOR DEPENDENTS ON INSURANCE, OR MAKE EMPLOYEES PAY A HIGHER PORTION

EXAMINE RETIREES' MEDICAL COVERAGE

RESEARCH TELECOMMUTING BY STATE EMPLOYEES

EXPLORE MORE CO-LOCATION OF STATE AGENCY FACILITIES, ESPECIALLY IN SMALLER COMMUNITIES

MOVE MORE AGGRESSIVELY ON CITIZEN ACCESS "KIOSKS"

MOVE MORE INFORMATION ONLINE, FOR EXAMPLE, THE "BLUE BOOK", TO SAVE PRINTING AND DISTRIBUTION COSTS

MERGE PUBLIC TELEVISION AND ADMINISTRATION MICROWAVE/BROADCAST TECHNICAL STAFF

SHOULD WE CONSIDER CHANGES TO THE TAX CODE (AND/OR MAKE RECOMMENDATIONS TO THE REVENUE COMMITTEE)? EXAMPLES:

- SUN SETTING ALL TAX EXEMPTIONS
- SETTING SALES TAX AT 4% WITH FAR FEWER EXEMPTIONS
- TAXPAYER AMNESTY
- INCREASING "SIN" TAXES
- ALLOWING LOCAL OPTION TAXES WITH SUPERMAJORITY

SHOULD WE RECOMMEND A COMPLETE REVIEW AND RECODIFICATION OF STATE CODE TO STREAMLINE AND SIMPLIFY IT?

SHOULD WE CONSIDER CHANGES TO THE EDUCATION SYSTEM (AND/OR MAKE RECOMMENDATIONS TO THE EDUCATION COMMITTEE)? EXAMPLES:

- REDUCING SCHOOL BONDS TO 55% MAJORITY FOR DISTRICTS ADOPTING CONSOLIDATED ELECTIONS
- REDUCING THE NUMBER OF SCHOOL DISTRICTS TO A MORE MANAGEABLE AND LOGICAL DISTRIBUTION
- ENCOURAGE OR FORCE CONSOLIDATION OF SCHOOL DISTRICTS BY PROVIDING A FIXED AMOUNT OF STATE ADMINISTRATIVE FUNDING TO EACH COUNTY REGARDLESS OF HOW MANY SCHOOL DISTRICTS EXIST IN THE COUNTY

- CREATE “EDUCATION SERVICE DISTRICTS” FOR REGIONS OF THE STATE. EACH ESD WOULD PROVIDE CERTAIN CENTRAL SERVICES (PAYROLL, PROFESSIONAL DEVELOPMENT, TRANSPORTATION PLANNING, GRANT-WRITING, ACCOUNTING, CURRICULUM DEVELOPMENT, ETC.)
- INITIATE A SCHOOL VOUCHER PROGRAM
- INCREASE SUPPORT STAFF IN OFFICE OF THE STATE BOARD OF EDUCATION / REDUCE STAFF INSTITUTIONS AND PROFESSIONAL/TECHNICAL EDUCATION
- RESTRUCTURE VOCATIONAL EDUCATION CENTRAL OFFICE / MERGE WITH OFFICE OF THE STATE BOARD
- REDUCE HIGHER EDUCATION SUPPORT BY THE STATE; ATTENDING COLLEGE IS AN OPTION IN EDUCATION, NOT A RIGHT OR A MANDATE
- APPROPRIATE POST-SECONDARY EDUCATION AS FOLLOWS:
 - COMMUNITY COLLEGE FUNCTION
 - UNDERGRADUATE
 - GRADUATE/PROFESSIONAL
 - ALL OTHERS
- ANALYZE CURRENT COST OF INSTRUCTION AT HIGHER EDUCATION INSTITUTIONS VS. SOME OTHER BENCHMARKS (SHOULD INCLUDE ANALYSIS OF WHAT NON-INSTRUCTION, NON-RESEARCH ACTIVITIES OCCUR ON CAMPUSES)

SHOULD WE CONSIDER CHANGES TO THE JUDICIAL AND CORRECTIONS SYSTEMS AND/OR RECOMMEND CHANGES TO THE PUBLIC SAFETY, TRANSPORTATION, AND NATURAL RESOURCES COMMITTEE)? E XAMPLES:

- NO JUDICIAL ELECTIONS – JUDGES APPOINTED (WITH ADVISE AND CONSENT)
- ELIMINATE WORKERS’ COMPENSATION AND UNEMPLOYMENT INSURANCE APPEALS TO THE SUPREME COURT
- ELIMINATE MANDATORY MINIMUM SENTENCES
- ONLY VIOLENT OFFENDERS IN PRISON / INCREASE PAROLE OFFICERS TO ADDRESS NONVIOLENT OFFENDERS
- NO PRISONERS HOUSED OUT OF STATE

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure (GOS)

October 24, 2002

9:00 a.m. – 12:15 p.m.

Room 126, State Capitol Building

Attendees

Co-Chairs:

Darrell Manning
John Tippets

**Key Committee
Members:**

Velma Bahe
Yvonne Ferrell
Duane Grant
Christine King (via telephone)
Don Mitchell
Annette Murray
Arlen Wittrock (alternate representative for Christine King)

**Distinguished
Guests:**

- **Pamela I. Ahrens**, Acting Chief of Staff for the Office of Governor, Dirk Kempthorne; Director, Department of Administration.
- **C. Stephen Allred**, Director, Department of Environmental Quality.
- **Patrick A. Takasugi**, Director, Department of Agriculture.
- **J. D. Williams**, Co-Chair, Idaho 2020 Blue Ribbon Task Force. Formerly Idaho State Controller.

**Subject Matter
Experts:**

Rich Elwood, Administration, ITRMC

Support Staff:

Eric Beck, Labor
David Hahn, Division of Financial Management
Jean Hull, Labor

Next Meeting:

Tentatively scheduled for:
Thursday, November 14, 2002
9:00 a.m. – Noon
Room 126, State House
The Idaho 2020 Blue Ribbon Task Force is scheduled to meet the same day. It was the desire of the GOS Key Committee to meet in the morning – with the full task force meeting in the afternoon.

Discussion Points

Introductions:

Key Committee members, subject matter experts, panel members, and support staff briefly introduced themselves.

Housekeeping:

The Key Committee would like to meet the morning of Thursday, November 14, 2002, from 9:00 a.m. until noon. The full Idaho 2020 Blue Ribbon Task Force is scheduled to meet that same day. J. D. Williams, Task Force Co-Chair, was present and was requested to explore the possibility of the Task Force meeting in the afternoon. Mr. Williams indicated he would see if that was possible. The Key Committee may set up an interim conference call if necessary.

Darrell Manning, GOS Key Committee Co-Chair, introduced J. D. Williams, Idaho 2020 Blue Ribbon Task Force Co-Chair, who indicated it was the desire of the Task Force Co-Chairs to send a questionnaire to all agency directors. The questionnaire requests information on the current use of technology and future plans to use technology in each agency. A copy of a draft cover memo and questionnaire were distributed to the Key Committee members. After briefly reviewing the draft, Mr. Williams asked if the Key Committee thought it a good idea to send the request for information to agencies. Key Committee members supported its distribution.

Mr. Manning introduced Directors Pam Ahrens (Administration), Steve Allred (Environmental Quality), and Pat Takasugi (Agriculture), who had been invited to participate in a Directors' Panel Discussion with the GOS Key Committee.

Directors' Panel Discussion:

Comments by Steve Allred, Director, Department of Environmental Quality (DEQ).

- Director Allred has twenty years experience in the private sector.
- Established in July, 2000, DEQ is the newest state agency. Previously, DEQ was housed within the Department of Health and Welfare. The agency is organized into six regions throughout the state and receives approximately 40% of its funding from the General Fund, with the remainder coming from federal grants and dedicated funds (i.e., fees).
- DEQ enforces state laws. Idaho laws essentially mirror federal laws and requirements; therefore, the federal government has delegated enforcement of its laws and requirements to DEQ.
- Upon his appointment, Director Allred determined there were few tools available to manage the work of DEQ. He also felt it important to identify responsibility: who had *responsibility* for what – and who had *authority* to do what. He found the agency had a technical staff of approximately 400 – most having degrees in engineering or science. With 47 unique job classifications, there was difficulty in recruiting and hiring. DEQ addressed this by grouping jobs into: science, engineering, technicians, and analysts. Within these groupings, there are levels.

- He implemented changes through which DEQ measures results in products – with processes functioning as quality control measures.
- His management style: set clear expectations, give staff authority to do their jobs, require accountability (this is a failing of many government agencies), and set clear performance measures on the product and the employee. He believes government cannot be like the private sector, but it can use the same tools as the private sector does.
- Budgeting is now based upon the products and services DEQ is required to produce, not FTEs. Using commercial-off-the-shelf software products (with modifications) DEQ's cost accounting system tracks cost components, including: engineering, time charging, and travel. This cost accounting system interfaces with the state's accounting system (STARS), as well as project scheduling and tracking.
- Implemented daily time tracking by time code for each project. This has resulted in a reduction in the cost of operation. Overhead costs were 38% - they are now 15%.
- Costs are allocated to products, not overhead. Those few items that cannot be allocated to products are allocated on a per-employee or per-square foot basis.
- There is an online document tracking and management system.
- The accounting systems of the state do not control the work, but should report costs – with all budgets broken down by the products produced. Budgets are managed by what has been accomplished in comparison to the amounts left in the budget.
- DEQ publishes its business plan, defining important activities for employees and the public, and other important information on the Internet. (<http://www2.state.id.us/deq/>)
With a clear understanding of activities, customer satisfaction can and must be measured.

Comments by Pam Ahrens, Acting Chief of Staff for the Office of Governor; Director, Department of Administration (DOA).

- Director Ahrens was first appointed to serve as director of DOA in 1995.
- Complimented Yvonne Ferrell who streamlined purchasing by using the P-card (purchasing card) while director of the Department of Parks and Recreation.
- Stated that risk-taking is managed out of people in government – pointing out that failures in government are reported in the news.
- DOA has 175 FTE positions. Its customers are all other state agencies. Its objective is to keep down overhead costs for agencies. It assesses fees to state agencies for its services.
- Distributed copies of an organizational chart, showing DOA's divisions and statutory committees. Also, distributed Customer Service cards outlining service provided by DOA.
- The State, local governments, and schools are big consumers of local goods and services. DOA leverages the buying power of government by:
 - Using and encouraging the use of P-cards
 - Coordinating Information Technology
 - Developing statewide contracts
 - Providing automation training (helping to alleviate fear of new technology or changes to automated systems)
 - Contracting with Access Idaho for the state website and portal

- Installing an emergency microwave telecommunications system
 - Establishing an internal postal operation that saves money on state mail
 - Managing the warehousing of state records (cutting down facility costs)
 - Developing an online State surplus property system
 - Managing over 2 million square feet of State office space (of which 1 million square feet are leased)
 - Outsourcing janitorial and security services
 - Placing property evaluation guidelines online to assist agencies in their “lease vs. purchase” evaluations
 - Promoting electronic payments to vendors (resulting in better prices to the State)
 - Providing Information Technology buying services
- Mentioned DOA’s role in administrative rules, Workman’s Compensation surety, insurance management (tort claims, insurance, and group insurance), Public Works, Facilities Management, Federal Surplus Property, and compensation management.
 - Discussed Access Idaho, the public/private partnership, which provides the State’s Internet portal.

Comments by Pat Takasugi, Idaho State Department of Agriculture (ISDA).

- Director Takasugi provided handouts, including prepared remarks relating to ISDA responsibilities and services, Idaho Agriculture Facts, Budget Highlights, and a detailed listing of Statutory Responsibilities and Services.
- Provided the following ideas/suggestions to the Committee :
 1. Consider the independent entities in State government – possibly consolidating them or incorporating them into existing departments.
 2. Take the opportunity to visit the various State laboratories (i.e., law enforcement and agriculture) and consider the possibility of consolidating them. Security is a big issue for all labs.
 3. Take advantage of the STARS accounting system. (Some agencies use other systems because STARS does not do all of what they need done.)
 4. Take a look again at the need for the Information Technology Resource Management Council (ITRMC).
 5. Human Resource (HR) activities are spread all over State government. Learn how to better utilize HR services.
 6. Use pilot departments for testing new ideas and to effect change in State government. (i.e., P-cards)
 7. Business Plan review. Establish a business plan protocol requiring agencies to develop their own plan, which fits the circumstances – not necessarily a set format that nobody reads – but one useful to the agency preparing it.
 8. Audits. Both Legislative Services and the Office of Performance Management perform audits of similar activities. Won’t one do?
 9. Does the State need 20 departments?
 10. Advocate flex-time for employees. Also, look at opportunity for an overtime fund, rather than having to hire and train temporary additional employees.

11. Review leave policies, personal and sick. Consider combining all leave time.
12. Eliminate or consider EAL (Earned Administrative Leave)
13. Implement a marketing division to bring new businesses to Idaho
14. Have Grant Writers available to agencies to bring more grant dollars to Idaho.
15. Let managers manage their budgets and employees.
16. Much of Agriculture's work parallels the USDA. Should coordinate better to eliminate duplications.
17. Food Safety. One department should be responsible for food safety.
18. Too many public meetings. Could some be consolidated?
19. Emergency Response is a growing need in Food Security. Food Security is taken for granted by the public. Only a matter of time until we have Hoof and Mouth disease and the West Nile Virus. Need regional cooperation among states.
20. Soil Conservation Commission. Agriculture has an embedded commission within the department. Agriculture director has no authority over them. If the commission were advisory, rather than directing, direction and activities would be more consistent.
21. Courts are the worst places to resolve environmental issues.
22. One way for state agencies to find improvements is to look at counterparts in other states and review their best practices.

Questions posed to Panel Members:

1. How is service support being handled by your agencies?

Response: Pam Ahrens: Example: We have very precise laws in place regarding purchasing. Laws are often in place to stop certain buying practices – they are designed to make something NOT happen rather than make something HAPPEN. State needs central coordination to coach and train personnel in our state agencies. Anne Heilman at DHR has implemented training personnel specialists in our agencies.

2. How often do 20 department heads meet to discuss state business?

Response: We have infrequent meetings with the governor. Often, agencies with a common problem or concern get together regarding a specific issue. Get combinations of government agencies concerned with a specific issue meeting together. Example: fiscal officers meetings, ITRMC.

3. Question to Steve Allred: What were dollar cost savings and how much improvement did you gain?

Response: Some by 40 – 50%. Increased productivity, services 30 – 40%.

4. The state is \$142 million short. To make that up, the state will use \$24 million from the tobacco settlements, money from the permanent building fund, and either have a 5%

across the board state agency holdback, or if one excludes education, a 14.4% holdback. Where/how would your agency make the cut?

Response: Steve Allred: There is NO agency that can't handle a 5% cut/holdback, including Education. However, the state needs to be careful in cutting across the board government services. You do not want to impact those services that impact the ability of the State's economy to grow. Directors have to know how to make those business decisions. Pam Ahrens: The state has a high quality workforce, but cuts could be taken in janitorial services, or asking employees to wear sweaters, so heat could be turned down 5 degrees; or cut back on fuel consumption. If you ask employees to do extra work, then we need the flexibility to reward them with bonuses. Pat Takasugi: Transfer some services to fee services. One cut has already been made, so now will have to prioritize services and stop doing those with low priority.

Committee General Discussion and suggestions:

Agency Reorganizations:

- Change Commissions to advisory status only. Commissions can adopt rules and policy and can provide an independent review of rules – but not propose them.
- David Hahn, DFM, presented a proposal to reorganize licensing boards with a handout. Eleven (11) licensing boards would be consolidated under the Bureau of Occupational Licenses and elevated to a Division status.

Budget:

- Steve Allred: Best value is not always the cheapest price. Laws are made to prevent something bad from happening again, such as the law limiting state employee bonuses to \$1,000.
- Discussion regarding agency budgeting and issues with the legislature (i.e., no incentives for returning money to the state). In fact, agencies are penalized with a reduced budget the following year. Bonuses should be tied to savings and managers should be held accountable.
- State should consider a biennial budget process. J.D. Williams favors the annual budget process. Prior to 1963, Idaho held biennial legislative sessions. Some states budget biennially, but their legislatures still meet yearly.
- J.D. Williams reiterated ideas for savings: 1, tax amnesty; 2, early retirement with state allowing ½ of employee's normal annual wage to pay insurance premiums and realize the other ½ salary savings; 3, receivable offset: If you owe state money, it would be offset from any refunds owing.
- J.D. Williams handed out pages 17 – 34 of the 2002 Idaho Legislative Fiscal Report, to show appropriations by state agency.
- State investment policies should be reviewed.
- J.D. Williams suggested we ask that Ann Heilman put a report together on flex-time, early retirement and leave time.

Elected Officials:

- We should consider the elected officials in the state. Perhaps make some by appointment. Examples: Attorney General, Superintendent of Schools, Land Board.

Action Items		
Item	By Whom	When
Committee Members are asked to mark or highlight the discussion items (contained in the handouts for this meeting) indicating those ideas important to them. Committee Members are to forward them to Darrell Manning via fax transmission at (208) 334-2438.	All GOS Key Committee Members	As soon as possible. These will be reviewed and discussed in the next GOS Key Committee meeting.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

**Government Organization and Structure
Key Committee**

November 13, 2002
Idaho Department of Labor
317 West Main Street
4th Floor East Conference Room

AGENDA

- | | |
|------|---|
| 2:00 | Welcome |
| 2:05 | Housekeeping items |
| 2:10 | Review of draft preliminary recommendations <ul style="list-style-type: none"> • Determine which to concentrate upon. • Classify these as: <ul style="list-style-type: none"> ○ Immediate ○ Short-term (2-5 years). ○ Long-term (> 5 years). ○ Requiring more research before a decision is made. ○ To be referred to other Key Committees. • Review new Ideas from Committee Members |
| 4:45 | Committee Discussion of report to the Idaho 2020 Blue Ribbon Task Force on November 14, 2002 |
| 5:00 | Adjourn |

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure

November 13, 2002
2:00 p.m. – 5:00 p.m.
Idaho Department of Labor
4th Floor Conference Room

November 14, 2002
8:30a.m – 10:30a.m. & 1:00 p.m. – 3:00 p.m.
Joe R. Williams Building
DHR Conference Room 1st floor

Attendees

Co-Chairs:

Darrell Manning
John Tippetts

**Key Committee
Members:**

Attended November 13 & 14, 2002

Duane Grant
Arlen Wittrock (alternate representative for Christine King)
Don Mitchell
Annette Murray
Jerry Ethridge (alternate representative for Dr. Billy Shipp)

**Subject Matter
Experts:**

Attended November 13, 2002

Don Fournier, Department of Administration, (alternate for Rich Elwood)

Attended November 14, 2002

Rich Elwood, ITRMC
Ann Heilman, Department of Human Resources

Attended November 13 & 14, 2002

Jan Cox, Department of Administration

Other Guests:

Attended November 14, 2002

Patrick Hodges, State Controller's Office
Steve Kenyon, State Controller's Office
Pat Takasugi, Department of Agriculture
Roger Madsen, Department of Labor
Pat Debban, Department of Labor

Support Staff:	<u>Attended November 13 & 14, 2002</u> Eric Beck, Department of Labor David Hahn, Division of Financial Management Jean Hull, Department of Labor
Next Meeting:	Unscheduled at this point.

Discussion Points:

Key Committee members reviewed and classified 58 preliminary recommendations.

Action Items:

Determined during classification of the preliminary recommendations.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Government Organization and Structure Key Committee

January 7, 2003
DHR Conference Room, 1st Floor Joe R. Williams Building

AGENDA

8:45	Review and discussion of Action Items, New Items, Intermediate and Long Range Preliminary Recommendations
9:40	Break
9:45	Presentation by Pam Ahrens, Director, Chair, Information Technology Resource Management Council (ITRMC)
10:15	Presentation by Brad Foltman, Budget Bureau Chief, Division of Financial Management
10:35	Presentation by Keith Johnson, State Controller
11:20	Discussion of Supplemental Recommendations
12:00	Lunch
1:00	Reconvene with Full Task Force
2:30	Key Committee break-out meeting
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure (GOS)

January 07, 2003

8:45 – Noon & 2:30 – 4:30 P.M.

Joe R. Williams Building
DHR Conference room 1st Floor

Attendees

Co-Chairs:

Darrell Manning
John Tippetts

Key Committee Members:

Arlen Wittrock (alternate representative for Christine King)
Yvonne Ferrell
Don Mitchell
Jerry Ethridge (alternate representative for Dr. Billy Shipp)

Distinguished Guests:

- **Pamela I. Ahrens**, Director, Department of Administration and Chair, Information Technology Resource Management Council (ITRMC)
- **Brad Foltman**, Budget Bureau Chief, Division of Financial Management
- **Keith Johnson**, State Controller

Subject Matter Experts:

Rich Elwood, Department of Administration, ITRMC
Jan Cox, Department of Administration

Other Guests:

Don Fournier, ITRMC
Bill Farnsworth, ITRMC
Nathan Bentley, ITRMC
Steve Kenyon, State Controller's office
Patrick Hodges, State Controller's office
Nancy Vazquez, Idaho Department of Labor
Laura Gleason, Idaho Department of Labor

Support Staff:

Eric Beck, Labor
David Hahn, Division of Financial Management
Jean Hull, Labor

Next Meetings:

GOS Subcommittee meetings:
Wednesday, February 5, 2003 and March 5, 2003
8:30 a.m. – 4:30 p.m.
Director's Conference Room, 3rd Floor, East
Idaho Department of Labor
317 West Main Street
Boise, Idaho 83735

The Idaho 2020 Blue Ribbon Task Force Meeting:
Tentative Date : Friday, April 4, 2003

Introductions: Key Committee members, subject matter experts, presenters, and support staff briefly introduced themselves.

Housekeeping: The GOS Committee approved meeting minutes dated November 13 – 14, 2002, as printed.

Action Items: Key Committee members discussed, and approved with edits, the distribution of the letter to the Commodity Commissions drafted by Duane Grant. (Letter distributed to Commissions on January 21, 2003.)

Key Committee members reviewed the status of Action Items, version 5.2, of the preliminary recommendations. The following changes were made in the assignments for the action items:

- John Tippets asked if the Committee had support for research. Rich Hagood indicated he and his staff could provide some research.
- Action Item #5: Darrell Manning will meet with the attorney who did the study on revising the judicial/election appointment process and get the attorney's recommendation.
- Action Item #37: Darrell Manning indicated Pat Takasugi would take the lead on this research.
- Action Item #38: Darrell Manning will ask J.D. Williams to submit his objections to this recommendation for the Committee to consider.
- Action item #41: Darrell Manning will invite investment counselors to one of the Committee's upcoming meetings to discuss this recommendation.
- Action Item # 42: The following comments were made regarding the recommendation to reduce the majority vote requirement to 55% for school districts adopting consolidated elections. Currently 2/3rds majority is required.
 - If the majority vote was reduced, districts could build their own buildings.
 - John Tippets made some general comments about seeing bills in prior years that would reduce the super majority requirement for passing school bonds. Darrel Manning provided some historical background, stating that pre-mid sixties, only property owners could vote; post mid-sixties allowed non-property owners voting rights.
 - Arlen Wittrock suggested adjusting the percentage to 60%.
 - In rural Idaho, a large constituency (farmers, land owners) is opposed to a change.

- Suggestion: The date of the vote could be changed to require that the vote be scheduled with other major elections, to get a larger portion of people to vote.

Darrell Manning will ask the Tax Commission and Department of Administration for the following data:

1. Data by county on the number of people and percentage of property owners (i.e. 10% of the people own 80% of the property in the county);
 2. The number of school bond elections passed or failed in a particular district;
 3. To what extent is there an adverse impact on school districts?
- Action Item #57: General Manning will ask Annette Murray to reword.
 - Action Item #59: John Tippetts and General Manning will write some suggestions.
 - Action Item #63: Steve Kenyon provided handout – Exhibit A.

Guest Speakers: Pam Ahrens, Director, Department of Administration, and Chairman of the Information Technology Resource Management Council (ITRMC), presented an overview of Idaho Digital Government with a packet of handouts that included Department of Administration's organization chart, enabling statutes for IT services, sample of Administration's Cyber Security newsletter, and information about ITRMC, Access Idaho and Division of Purchasing electronic procurement processes and statewide IT contracts.

Brad Foltman, Budget Bureau Chief from the Division of Financial Management, gave a presentation in support of centralized I.T. systems and accounting systems, although he recognizes the need for some independent systems (due to federal reporting requirements in some agencies). A comprehensive financial report keeps the state in a positive, reliable financial position. He stated the most efficient means to obtain information is through a centralized system. It allows better access for the governor and managers, providing the most accurate and beneficial financial reports. Idaho has one of the most favorable "bond ratings" in the financial markets, as our report includes education figures. It is important to note that the State is a "single entity employer". Therefore our policies need to be consistent across all kinds of functional lines. The "public good" is inherent in a single state system.

In closing, Mr. Foltman stated that the overall state's liability is more favorable with consolidated, single financial reports. If too much independence is allowed with departments, they diverge, which impacts the accuracy of the information. In response to Eric Beck's question regarding what an agency could do to make accounting better, Brad

replied that a more consistent application for having the state departments use a centralized system would be beneficial.

Keith Johnson, Idaho State Controller, agreed with Pam Ahrens and Brad Foltman on the need for statewide centralized accounting. He supports extending the life of and expanding the STARS system. A core business process has to revolve around the solid business/financial information. He does not support state agencies writing their own accounting systems. His office is in a position to do payroll for all the school districts in the state, thereby freeing up district positions to use elsewhere. He recommends the state focus on better centralization of our state accounting systems. We now have the opportunity to move the state forward with how we manage the information.

Darrell Manning noted that the State Controller's job in Oklahoma is an appointed position, in Idaho it is an elected position. He feels it makes sense to continue with the elected position, as there is value in professional independence as well as political independence with financial credibility; i.e. a separation of governor and state accounting systems. Mr. Johnson agreed with General Manning's opinion.

All states have controller functions. Some have auditors; about 13 –14 have elected controllers. Controllers establish contractual agreements on what, how and when they will provide information to the Governor and state departments. Information protections are provided either by statute or agreements.

Jerry Ethridge asked why state government allows agencies to be independent when in private business; these departments would be fired. General Manning responded that the University of Idaho has a somewhat independent status due to Idaho's constitution. Other agencies, such as IDOL, have federal funding. Eric Beck explained that IDOL uses STARS, but has separate accounting requirements by the federal government. Eric asked how much it would cost to rewrite STARS. Response: \$300,000 for a data warehouse; \$5 million for a total rewrite.

New Recommendations sent

To Full Task Force:

The Key Committee moved on to new ideas/preliminary recommendations for submittal to the full Blue Ribbon Task Force for immediate action.

- #65 was adopted as GOS recommendation #10
- #77 was adopted as GOS recommendation #11

New Items:

The following ideas were presented to the Committee for consideration and classification.

- #66: Classification: Short term. General Manning will ask actuary to calculate the costs of this suggestion. Discussion: John Tippets and General Manning stated they were not in favor of this recommendation as it stands.
- #68: Classification: No further consideration, covered in recommendation #9.
- #69: Classification: No further consideration.
- #70: Classification: Combine with Preliminary recommendation #30.
- #71: Classification: No further consideration, covered in recommendation #2.
- #72: Classification: No further consideration.
- #73: Classification: No further consideration.
- #74: Classification: Short term. General Manning will ask for an analysis by DHR on the impact.
- #75: Classification: Short Term: Additional research by Eric Beck.
- #76: Classification: No further consideration.

Additional suggestions:

The Committee reviewed additional ideas, some of which will result in preliminary recommendations to be presented at the next Committee meeting on February 5, 2003.

Actions required on New Items		
Item	By Whom	When
<ul style="list-style-type: none"> • Schedule actuary to calculate costs of PR #66. • Request impact analysis by DHR on PR #74 • Additional research on item #75 	<p>General Manning</p> <p>Eric Beck</p> <p>Eric Beck</p>	<p>No date set</p> <p>1/21/2003 Emailed questions to DHR</p> <p>1/21/2003 Emailed results of interview with Cheri Ruch to GOS Co-Chairs</p>



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Government Organization and Structure Key Committee

February 5, 2003
Director's Conference Room, 3rd Floor (East),
317 W. Main Street, Boise, Idaho

AGENDA

Time	Activity
8:30	Administrative matters Review and approve meeting summary
8:45	Report on activities related to IT Review and discuss IT-related proposals
10:15	Break
10:30	Continue discussion of IT-related proposals
11:00	Report on Judiciary Elections
11:30	Report on Administrative Law Adjudication in Idaho
12:00	Lunch
1:30	Cost cutting incentives plan
2:30	Discussion with Karl Kurtz, Director, Department of Health and Welfare
3:15	Break
3:30	Discussion with Roger Madsen, Director, Department of Labor
4:15	New business
4:30	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure (GOS)

February 5, 2003

8:30 A.M. – 4:30 P.M.

Idaho Department of Labor

IDOL Conference room 3rd Floor

Attendees

Co-Chairs:

Darrell Manning

John Tippetts

**Key Committee
Members:**

Arlen Wittrock (alternate representative for Christine King)

Yvonne Ferrell

Don Mitchell

Jerry Ethridge (alternate representative for Dr. Billy Shipp)

**Distinguished
Guests:**

- **Jim Hansen**, United Vision for Idaho, Report on Judiciary Elections
- **Cheri Ruch**, Idaho Industrial Commission Referee, Report on Administrative Law Adjudication in Idaho
- **Karl Kurtz**, Director, Idaho Department of Health & Welfare
- **Tammy Payne**, Deputy Administrator, Idaho Department of Health & Welfare
- **Roger Madsen**, Director, Idaho Department of Labor

**Subject Matter
Experts:**

Rich Elwood, Department of Administration, ITRMC, report on cost cutting measures

Other Guests:

Larry Kirk, retired state auditor

Nathan Bentley, ITRMC

Nancy Glenn, Idaho State University

Vicki Patterson, Idaho Public Employee Association Lobbyist

John McAllister, Deputy Director, Idaho Department of Labor

Pat Debban, Administrator, Idaho Department of Labor

Dwight Johnson, Administrator, Idaho Department of Labor

Support Staff:

Eric Beck, Labor

Jean Hull, Labor

Next Meetings:

GOS Key Committee meeting:

Wednesday, March 5, 2003

8:30 a.m. – 4:30 p.m.

Conference Room, 3rd Floor

Idaho Department of Labor

317 West Main Street

Boise, Idaho 83735

	The Idaho 2020 Blue Ribbon Task Force Meeting: Tentative Date: Friday, April 4, 2003
--	---

Introductions: Key Committee members, subject matter experts, presenters, and support staff briefly introduced themselves.

Housekeeping: With one correction, the GOS Key Committee approved meeting minutes dated January 7, 2003.

Important Change: Due to misunderstandings caused by GOS terminology, it was determined to change the designation of items being considered by the Key Committee from “Preliminary Recommendations” to “Discussion Items.”

Report on Activities Related to I.T.: Eric Beck provided a report on a meeting of I.T. professionals held on January 27, 2003, regarding preliminary recommendations #13 & #14. He provided handouts from the *Gartner Group*, “*Ten Tech Predictions to Shake Your World*,” as well as written comments from several IT managers to the Task Force containing ideas for achieving a more efficient and effective state government through technology.

Mr. Beck presented some of the ideas and concerns of state IT managers about making fundamental changes to the governance and organization of information technology in state government. While all IT managers agree that improvements can be made, they are concerned about the risks and expense which might be incurred if they are not carefully made and if they do not address the real problems which exist. The concerns of technology experts within the state can be broadly categorized:

- **Leadership.** Existing structures work well at an agency level, but produce mixed results when extended to the state level.
- **Organizational Culture.** The current organization and corporate culture of state government is the result of decades-long evolutionary processes. While not ideal, there are legitimate reasons and forces that have shaped the organization of the state.
- **Expected Results.** Each agency has a mission and has organized to achieve it in the manner it feels most efficient. Being central to most organization’s business processes, agencies are appropriately anxious about changes to IT or losing control of its costs or priorities.
- **Funding.** Agencies must conform to the rules associated with state appropriations and federal grant requirements. These requirements often constitute disincentives for agencies to be more effective in their use of funds. Collaborative efforts are often hampered by funding issues.

To demonstrate the complexity of the many aspects of IT, Mr. Beck discussed the single topic of telecommunications, giving a brief primer on the subject, and then explaining the costs and difficulties in addressing telecommunications on an enterprise-wide level. Although statewide telecommunications efforts, such as IDANET, have been largely successful, there are many issues remaining – often out of the state’s control.

It was then pointed out that the Discussion Items (#13 & #14) being considered by the Key Committee were full of the same type of complex problems, issues, and concerns present in his discussion of telecommunications. Essentially, there are no simple solutions to the complicated problems and issues present in information technology.

Rich Elwood provided “A Summary of Information Technology in the States”, a handout of Virginia’s centralized Virginia Information Technologies Agency (VITA) and a copy of the Idaho statutes that established the Information Technology and Resource Management Council (ITRMC).

Report on Judiciary Elections

Jim Hanson, Executive Director of United Vision for Idaho, provided a handout entitled “Tipping the Scales, How Money Threatens the Independence of Idaho’s Courts”. His presentation responded to the Key Committee’s request for further information in regards to Preliminary Recommendation #5. Because of our current election process, which is following the national trend, campaign costs are skyrocketing, which results in a growing risk of conflict of interest, as contributions for election campaigns for judges are overwhelmingly from attorneys, prospective clients and organizations that have an interest in court rulings.

He indicated there is greater confidence in courts where money does not influence judge appointments or elections. The Committee discussed “retention” i.e., appointment of appellate court judges that includes an election process that can vote them out if the public is not satisfied with their performance. A comment was made that it would be hard to sell “retention” to the Idaho legislature. Mr. Hansen indicated he thought public funding of elections for appellate court judges would be more palatable. One proposal is to have a 3% surcharge on civil penalties. In 1998, Idaho had \$32 million in civil fines, which would yield approximately \$1 million for election campaigns.

In summary, all three branches of government should be involved in crafting a proposal for selection of judges for the appellate courts, whether by retention, a public funded campaign or some other proposal.

Report on Administrative

Law Adjudication in Idaho

Cheri Ruch, referee for the Idaho Industrial Commission, submitted the suggestion for Preliminary Recommendation #75 and agreed to discuss with the Key Committee. She stated administrative law in Idaho is not consistent, and therefore the procedures for conducting hearings and providing due process vary widely among state agencies. In Idaho, we have different appellate processes for our citizens, depending upon which state agency issued the decision. If the decision came from the Idaho Department of Labor, the appeal goes to an appeal's telephone hearing within the department, can be appealed from there to the Idaho Industrial Commission and finally to the Idaho Supreme Court. Health & Welfare hire private attorneys as independent contractors to hear their appeals, and those decisions may be appealed to the District Courts. Worker's Compensation decisions originate with the Industrial Commission and then may be appealed to the Supreme Court.

Many states have created an administrative panel within the Executive Branch that conducts hearings for all of its state agencies. The appellate process from that administrative panel could either go to the district courts, Industrial Commission, or even back to the director of the state agency for review. Her recommendation would be to keep the appeals out of the courts. The committee also discussed telephone hearings, in-person hearings, and video conferencing as ways to hold hearings and discussed how a central panel would be funded, i.e., from the general fund or each agency paying on a pro rata share. In response to a question regarding whether the hearing officers should be attorneys or not, Ms. Ruch indicated it would not have to be a requirement.

Jerry Ethridge asked if cases could be turned around as fast with a central panel, vs the way our state currently processes appeals. Ms. Ruch responded that Maryland, after implementing a central panel, saw a dramatic decrease in turn around time. Use of contractors is less expensive, and there is a perception of fairness when a decision is based on the record. "States who have chosen a centralized panel or "ALJ's" have not backed away from it."

The Committee asked Ms. Ruch to conduct some additional research related to the discussion re: how those states that have implemented central panels dispose of decisions. Also, Don Mitchell asked if she could provide a copy of the model act devised by the American Bar Association.

(Note: Ms. Ruch's responses were forwarded to the Committee members on Thursday, February 6, 2003.)

Cost Cutting

Incentives Plan:

Rich Elwood, task force support team member, discussed examples that demonstrate how the state could implement an incentive based government in response to Preliminary Recommendation #79. He said the state tends to produce "disincentives" to the initiative of state employees. This plan would encourage and reward state employees for their efforts in reducing the size and cost of state government. He provided the following example from a class he attended: A company in the East wanted to increase production and quality of its product, but did not have the funds for bonuses or merit pay. They opted to allow employees to leave work each day as soon as they reached their productivity and quality goals set for that day. The employees soon met the daily-accelerated production goals in half the time; i.e. they were working an average of 4 hours per day, producing more than they had previously in an 8-hour day.

The Key Committee voted to forward Preliminary Recommendation #79 as a recommendation to the full Idaho 2020 Task Force. If adopted by BTRF, it would thereafter be noted as GOS Recommendation #12.

Discussion with Karl Kurtz, Director, Department of Health And Welfare Karl Kurtz introduced Tammy Payne, Deputy Administrator, Division of Welfare, and provided a handout on Temporary Assistance for Needy Families (TANF), indicating they contract with IDOL for delivery of TANF services.

He stated H&W has 3,000 employees statewide, a budget of \$1.2 billion, of which \$350 million is state general fund money and the rest is from federal grants. Health services include immunizations and public health services through contracts with county health districts. They have recently been given the added responsibility of issues such as viruses, and bio-terrorism. The county district budgets are comprised of 20% local, 40% general fund, and 40% H&W contracts. The health districts contract the following through H&W: WIC programs, immunizations, and in the last 6 months, bio-terrorism (West Nile virus and small pox, etc).

H&W takes eligibility applications and provides services in 7 regions of the state for the following cash assistance programs: welfare for low income families, aged and disabled, food stamps, subsidized child care, Medicaid (insurance for low income clients). The majority of H&W staff are located in those regions. They also provide mental health

services for adults and children, all child protection services, and operate 3 state hospitals. State Hospital South in Blackfoot and State Hospital North in Orofino deliver inpatient services to persons committed by the state (with exception of adolescents). Idaho State School and Hospital in Nampa provides services for the severely mentally retarded, and currently has 110 patients.

Last May, Director Kurtz reorganized each of the seven regions to provide an alignment for policy to all regions. In addition, he downsized technical support staff from 10 different support mechanisms into 3 hubs. This reduced staffing from 26 regional to 6 centralized staff, who are now performing double the previous billing duties.

Phase Two of the reorganization will be service integration of care plans for child support, health problems, mental health, etc, over the next 24 months, implementing integrated eligibility processes, a case manager plan, and an exit plan for these families.

H&W saved about 40–45 employee positions with the reorganization. They have implemented a statewide online time and attendance system. The “key” to savings will be moving from “data collection systems” to “information systems”. They pay \$6 million in Medicaid claims each year with 142,000 enrollees, of which 105,000 are children. 340,000 people, or approximately 26% of the state’s population, are impacted by H&W on a monthly basis. About 10% of the state’s population is on Medicaid, which takes 19% of the state’s general fund. Our aged population (over 65 years) is 25% of the Medicaid enrollees but 75% of the spending is due to nursing home and long-term care costs. The department is moving towards home and community based services to combat this expense.

The Key Committee asked the following questions of Director Kurtz:

How much would it cost the state to take over Central District Health Departments, noting it would be politically challenging to do that?
Response: Approximately \$2–3 million.

The Office of Aging duplicates a lot of H & W services.

Response: Aging has adult protections. H&W licenses and certifies nursing homes. If H&W took over Office of Aging it would result in them auditing their own nursing homes. Director Kurtz added they could contract out adult protections.

Some states have moved to deliver some of their welfare services to Departments of Labor, i.e. Utah is an example.

Response: Now that the caseload in Idaho has gone from 10,000 welfare cases to 1000-1200 cases (due to welfare reform), H&W has a strong working relationship with IDOL and the federal block grant trustees and thinks the process is working very well.

Does H&W do some of the same work of Disability Determinations Service (DDS)? Should DDS report to H&W?

Response: When the Idaho DDS had a backlog, it negatively impacted H&W, but since Roger Madsen has assumed leadership as interim director of the agency, they no longer have an issue with DDS.

Can H&W automated systems interface with Dept of Corrections?

Response: No, to date systems do not talk to each other. H&W has agreements with Corrections and SSA to provide support when prisoners are released. 50–60 % of recipients of H&W substance abuse programs come out of Corrections.

How do you identify your clients in a database?

Response: An algorithm of name/address/ssn, if they have one. Most of H&W systems run on the State Controller system, approx 80%.

What savings/incentives have you implemented at H&W?

Response: I am streamlining H&W because it is the right thing to do. We planned to reinvest savings into under-funded programs, but couldn't because of the holdback on the economy. During the past 2 years we have given up 195 positions by attrition and have laid-off 95 individuals.

Members of the Committee complimented Mr. Kurtz on his strategic planning, his ability to plan to the bottom line. Tammy Payne stated she felt he was truly a visionary.

**Discussion with
Roger Madsen,
Director, Idaho
Department of Labor**

At the request of Committee members, Roger provided his personal and professional background. He gave an overview of the Department of Labor (IDOL), and explained that in the 80's the department had 950 employees statewide with approximately 29 local offices, and by the late 90's, the department had decreased to 550 employees and 24 local offices. The department was able to accomplish this largely due to John McAllister's vision and implementation of automating most of our programs and having all agency information on-line. IDOL has led the state in its automation efforts with all of the agency's procedures, manuals and publications on the Intranet as well as the following programs currently available on the Internet: Internet filing for initial unemployment insurance claims and weekly claims for benefits; filing of employer quarterly tax reports; registration for work; job search;

business services and information; Idaho's Workforce Development system; current Labor Market Information; Migrant Seasonal Farmworker exchange; Veteran's services and information about the Workforce Investment System (WIA); and, Idaho Labor Laws and New Hire reporting information. (Note: during Governor Batt's term, the Wage & Hour unit of the Department of Labor and Industry was moved to the Department of Employment, thus the name change from Department of Employment to Department of Labor.)

At the request of the Governor's Office, the department has assisted several agencies over the past few years; i.e. Roger was asked to be interim director of the Arts Commission, an agency with 9 employees and 13 commissioners overseeing it. The department assisted with their automation and accounting systems and helped with the selection of a new director.

The department also helped consolidate four councils with nearly 75 members into the Workforce Development Council with 19 members. The WDC, now operating for 3 years and with a membership of 19, replaced the ES Advisory Council (15 members), the State Council in Vocational Education (12 members), the Job Training Council (20 members), and the School-to-Work Collaborative Team (26 members).

Dwight Johnson, of our department, chaired (or served on) the welfare reform turning Welfare to Workfare in Idaho during Governor Batt's tenure. Dwight is currently part time Interim Director of Idaho Rural Partnership Council. Roger was also asked to assist with the reorganization of the Idaho Personnel Commission, now the Department of Human Resources (DHR). Our department programmed DHR's Online Applicant system and Roger was on the selection committee that recommended Anne Heilman as Director of that agency. In addition, our department, working with BSU and DHR, was instrumental in developing the new Certified Public Manager (CPM) course for state employees. It has been very successful, and Rogelio Valdez from IDOL was valedictorian of the first graduating class this past December. For the past seven months, Roger has been Interim Director of Disability Determinations Service, at the request of Governor Kempthorne and during that time, the agency has not only cleared a backlog of 700 cases, but has moved from a ranking of #42 in the nation (1st qtr 2001) in production and timeliness to a rank of #2 in the nation for 1st qtr 2002.

General Manning stated that it had been suggested that the Hispanic Commission be placed with DHR, but he did not think that would be a good fit. He asked Roger if placing the Hispanic Commission with IDOL would be a good fit. Roger said he would be pleased to help with

the Hispanic Commission, that agency has 4 persons, a general fund budget of \$106,000 plus some dedicated federal grants, and if the Commission was moved to our department, he would likely make it reportable to Rogelio Valdez, who now heads up our Migrant Seasonal Farm Worker (MSFW) and Hispanic initiatives.

Jerry Ethridge questioned if the Hispanic Commission had a mission consistent with IDOL's or if the suggestion was just to place the commission under a well-run organization.

Don Mitchell asked if there is a legislative impediment to dissolving commissions. Discussion ensued regarding the need for any/all commissions, the impact they have on the state, and whether performance and impact of the commissions should be measured. He also questioned the need for 7 judicial districts within our small state.

General Manning asked Roger what he thought should be done with Disability Determinations service. Roger said it would be a good match with our agency as the funding and claims processing are similar to the UI programs that we administer at IDOL.

Regarding welfare reform, when it was implemented, IDOL suggested that the work portions of H&W contracts be placed with our department, as workforce development is our mission. Instead, Karl Kurtz chose to put the contracts out to bid. Currently IDOL has two of those contracts in the eastern Idaho, the rest of the state has private contractors.

When asked about DHR, Roger's opinion was that it should be placed under the Department of Administration or Department of Financial Management, as those departments work with personnel, purchasing and insurance.

Roger is not supportive of centralizing I.T. functions at this time.

At the conclusion of Roger's presentation, Arlen Wittrock (formerly of Astaris) gave feedback regarding his personal experience during the Astaris closure, and the wonderful work Job Service did during the closure as the office helped not only the Astaris workers directly but also the community of Pocatello in general in connection with this closure. After he spoke, John Tippetts also spoke regarding a similar experience he had, and again how helpful and effective Job Service had been.

Actions required on New Items

Item	By Whom	When
<ul style="list-style-type: none"> Respond to email and letter from Lily Wai of Idaho Geographical Information Systems (GIS). 	Eric Beck	Completed 2/06/03
<ul style="list-style-type: none"> Forward discussion item #79 as a Recommendation to the Blue Ribbon Task Force. If adopted, will be GOS Recommendation #12 	Eric Beck	Completed 2/10/2003
<ul style="list-style-type: none"> Preliminary Recommendations #75 & #78 added to agenda for next meeting. 	Eric Beck	March 5, 2003
<ul style="list-style-type: none"> Preliminary Recommendations #13 & #14 added to next meeting agenda for discussion regarding modification. 	Eric Beck	March 5, 2003



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Government Organization and Structure Key Committee

March 5, 2003
Field Services Conference Room, 3rd Floor (West),
317 W. Main Street, Boise, Idaho

AGENDA

Time	Activity
8:30	Administrative matters Review and approve meeting summary
8:45	Review and discuss IT-related proposals
10:00	Break
10:15	Continue discussion of IT-related proposals
11:00	Panel Discussion – State investments
12:00	Lunch (On your own)
1:30	Review new Discussion Items Review changed Discussion Items Final Action on Discussion Items
3:15	Break
3:30	Presentation on possible consolidation of Historical/Library/Records Services into a single agency
4:30	New business and administrative matters
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure (GOS)

March 5, 2003

8:30 A.M. – 4:30 P.M.

Idaho Department of Labor

IDOL Conference Room 3rd Floor

Attendees

Co-Chair:

Darrell Manning

**Key Committee
Members:**

Yvonne Ferrell

Don Mitchell

Jerry Ethridge (alternate representative for Dr. Billy Shipp)

**Distinguished
Guests:**

- Liza Carberry, State Treasurer's Office (STO)
- Matt Haertzen, Endowment Fund Investment Board (EFIB)
- Bob Maynard, Public Employee Retirement System of Idaho (PERSI)
- Bobbie Eckerle, Department of Administration
- Steve Guerber, Idaho Historical Society
- Charles Bolles, Idaho State Library

**Subject Matter
Experts:**

Rich Elwood, Department of Administration, ITRMC, report on cost cutting measures

Other Guests:

Larry Kirk, retired state auditor
Nathan Bentley, ITRMC
Bill Farnsworth, ITRMC
Don Fournier, ITRMC
David E. O'Neill, Boise State University
Mark Richardson, Idaho Transportation Department
David Cooper, Idaho Department of Vocational Rehabilitation
Rob Spofford, Water Resources
Charles Wright, Health and Welfare
David Hahn, Division of Financial Management
Pam Ahrens, Director, Department of Administration
Steve Walker, private citizen

Support Staff:

Eric Beck, Labor
Jean Hull, Labor
Rich Elwood, Administration

Next Meetings:

GOS Key Committee meeting:
Tentative date: Thursday, April 3, 2003
Conference Room, 3rd Floor
Idaho Department of Labor

317 West Main Street
Boise, Idaho 83735

The Idaho 2020 Blue Ribbon Task Force Meeting:
Date: Friday, April 4, 2003
Joe R. Williams Building, 1st Floor

Introductions: Key Committee members, subject matter experts, presenters, and support staff briefly introduced themselves.

Housekeeping: The GOS Key Committee approved meeting minutes dated February 5, 2003.

Presentation of Discussion Item #81: Eric Beck presented Discussion Item #81, which relates to the creation of an Information Technology Senior Policy Advisor (ITSPA) position within the Office of the Governor and the modification of the role of the Information Technology Resource Management Council (ITRMC).

In response to questions about how this proposal improves things, it was pointed out that, among other things, it:

- ensures direct alignment of IT plans and activities in support of the business plans of the state's highest policy makers
- addresses the perception that Idaho lacks professional technical leadership
- provides for full-time, focused technical leadership
- provides assistance and incentives to overcome barriers to cooperation
- allows agencies to continue to control the resources necessary to accomplish their individual missions

Rich Elwood asked if the state had the authority to do this or if we would need new statutes. Eric responded that, as with other Discussion Items considered by the Government Organization and Structure Key Committee, the emphasis of the item was upon concepts and approach rather than enabling legislation. Because much of the IT work of the state is centered in the Executive Branch, it is expected that Executive Order or organizational changes could accommodate many of the provisions. Some law changes might also be necessary.

A Committee member asked if there was a similar model in other states. Rich Elwood responded that other states have moved away from this

model. Rich felt there was plenty of opportunity for cooperation with the ITRMC.

David O'Neill (BSU), Mark Richardson (ITD), David Cooper (IDVR), Rob Spofford (Water Resources), and Charles Wright (DHW), agency IT managers involved in drafting Discussion Item #81, were present and given opportunity to comment.

Dave O'Neill supported Discussion Item #81, stating it would offer a single point of leadership which would provide a vision/direction for the state, and it would permit agencies to continue to apply their own setting for collaborative efforts of I.T. policy groups and chief technical officers in the state.

A Committee member asked if Mr. O'Neill could give an example of an IT decision that didn't get attention/direction from ITRMC. He replied that the standards applied to the state did not include the higher education environment. They were not well represented by the Executive agency model. If given sufficient resources, then, hopefully, the ITSPA would be able to coordinate differences and set standards for all.

Mark Richardson agreed with David O'Neill's comments, stating IT needed leadership at the state level, in addition to that currently available at the agency level. A Committee member asked for examples of what projects he would have approached differently than the state has if he (Mark) were the ITSPA. Response: One of the things that would have been different is IDANET. We would have had greater success and have been farther along with the statewide IT telecommunications, using just existing resources. The state still needs to take the "next step" of recognizing the true costs of such an initiative and obtaining adequate funding for IDANET's ongoing operation. Mr. O'Neill added that higher education felt its needs and requirements were not properly considered as IDANET was conceived and designed. Necessarily, Higher Education has had to explore other alternatives in order to fulfill their needs. He also pointed out that many vendors provide deep discounts to educational institutions, but these discounts often cannot be extended to other state agencies.

David Cooper stated he favored a central point of contact for IT for the state, to satisfy the need for authority to guide IT decisions. He supports Discussion Item #81 because it provides for leadership. He observed that over time, the role of IT has evolved with the technology itself – making it an essential, integrated part of each agency rather than a

somewhat separate business unit. The ITSPA would help improve the effectiveness of this business tool (IT) by providing a statewide, enterprise view of technology and its direction.

Charles Wright agreed with the comments made by the other IT managers. He reinforced the idea that the state's Chief Information Officer (CIO) should be a dedicated IT professional whose sole focus is upon using technology to solve the state's business problems – helping to overcome barriers to cooperation and fostering systems which meet the needs of the public even when they cross traditional agency boundaries.

Rob Spofford also favored the idea that any CIO position should be closely associated with the Governor. He pointed out that while some infrastructure functions could be centralized, it should be done carefully and that operational responsibilities for the CIO might tend to cloud a statewide enterprise view of IT.

Pam Ahrens, who currently chairs the ITRMC, expressed appreciation for the opportunity to listen to the discussion. She said she has been involved with IT for 12 years. ITRMC came into being when it was determined that there needed to be some governance. Much was said at that time about resource management, and how to get people to work together. They also tried to get people who make the financial decisions involved. As ITRMC evolved, there was talk of an IT Guru. However, they wanted a shared policy group so agencies could talk together; they did not want someone dictating to them.

Ms. Ahrens asserted that IT cannot be directed politically – it must be governed by statute. She also said there are not enough teeth in the current statute to make agencies work together. She suggested that GOS look at the governance structure, determine what is good and build upon it. Some of the authority could come from fostering collaboration and agreement among agencies. Commenting upon state CIOs, she said that such positions often report to a board, not the governor.

Don Mitchell stated the key to the discussion was leadership, asking if there is a way, in the current structure, to provide the leadership that seems to be missing. Ms. Ahrens responded that the ITRMC council also works with e-Government and tries to address the need for technology awareness. She suggested that a review of the ITRMC-enabling legislation be reviewed to determine if it brings the right people to the table.

When asked if she thought the governor would want a CIO (ITSPA) report to him, Ms. Ahrens stated that the governor is currently utilizing ITRMC and is happy with it. She speaks with the governor regarding IT plans in the state. She added that getting agency compliance to submit IT plans has not been successful; only about one-half do.

A Committee member asked if all state organizations have membership in ITRMC. Response: some do, some don't.

Darrell Manning said perhaps we needed to find a way to increase participation of agencies in the existing council. Dave Cooper suggested it was time to reevaluate ITRMC, its composition, activities, and responsibilities.

Rich Elwood said a number of states have advisory councils, and 45 states have CIO's (72% of the top 25 states). It may very well be time to look at ITRMC again, as it is an evolutionary process. The State of Utah utilizes a CIO who reports to the governor and their governor is one of the most influential people in IT in that state. However, many CIO's cannot get the cooperation of state departments. Rich then handed out a written recommendation for ITRMC to undertake a thorough review and assessment of IT across the state.

Pam Ahrens feels we need a philosophy of central coordination with local control. We have silos that need to be coordinated, such as the federally funded agencies, i.e. IDOL, Transportation, and H&W.

Further discussion ensued. At the end of the allotted time for this subject, Darrell Manning instructed Key Committee staff to work with him to either rewrite Discussion Item #81, or to use Rich Elwood's most recent recommendation as a starting point for a new recommendation, possibly being ready for discussion at the next meeting.

State Investment Panel

Darrell Manning introduced the panel members stating he had invited them to address the suggestions the Committee received that would place all state investments within one office or board.

Robert Maynard, Chief Investment Officer for PERSI, said it would be a mistake to put all state investments into one office for three reasons: 1. Cost savings would be illusory, because the cost of running an investment operation has more to do with philosophy, i.e. whether you use in house or out of house management which drives 99% of cost and most operations are very low cost; 2. You would confuse the people that you report to; and,

3. Keeping the boards separate helps the internal shops diversify approaches.

The toughest part is not the investing, but what you are investing for. Your investing needs to be understood by those you are investing for, and by those to whom you report. Your investment has to be set up according to what your liabilities are. You must achieve a tolerance for active management versus passive management. It is important that you tie assets to liabilities. The state has three separate liabilities; the treasurer's office, the retirement system and the state endowment fund. Each requires a different type of board, so you would have severe problems if you merged them into one.

The PERSI investment strategy is 70% equities and 30% fixed income and manages a \$6 billion fund. Robert Maynard sees himself as the Chief Investment Coordinator, rather than the Chief Investment Officer. Investing is all through outside consultants, and the bulk of them are from out of state. The retirement system has a greater sensitivity to inflation. Everything PERSI does is to make benefits. They must pay out benefits with the least amount of risk to the state, which means they must make 5% above inflation. They were ahead of the game because of the 90's, but the cushion has now disappeared. They have two assets that they must keep in balance; assets in the bank and the promise of the state to pay contributions, which can go higher or lower depending upon the fund balance. The focus must be what you are investing for. PERSI must get 7% out of equities (or 5% above inflation) and 0-3% from bonds. Almost all endowments have a 5% payout, so they must keep 70% investments in equities. He invited Committee members to the open Board meetings the 3rd or 4th Tuesday of the month.

Matt Hartzen, EFIB, agreed with Bob Maynard, that the boards should be kept separate. The investment boards have a very low expense ratio, costing 6 basis points for all management. EFIB has different constituents they are responsible for; i.e. work with the Investment Board, the Land Board, State Insurance Fund, Judges' Retirement system and the Capital Permanent fund. They serve almost as consultants to these various constituencies. He added there is a lot of cooperation between the Endowment Fund, PERSI and the State Treasurer's office.

The Endowment Fund portfolio allocation is similar to PERSI, 70% equities (but usually lower than PERSI's) and 30% fixed.

Liza Carberry, Investment Manager for the State Treasurer's office, works with cash management of a \$2 billion portfolio, as they are the checking

account for the state. Their investments are 100% fixed income, as they must have assets available to make all disbursements. However, they are responsible for overseeing the tobacco funds, with \$250 million in equities. They hired an outside financial consultant to invest those funds.

It is clearly a benefit to the State to have the three separate investment boards, as you wouldn't want all of your eggs in one basket, which is contrary to good investment policy. If the Treasurer's Office were consolidated, there would be no savings as they do all of their investing in-house. She does not report to a board, but to the State Treasurer. Cash management is short-term management, bidding with state chartered banks only through an on-line system called "Bid Idaho". They have over \$40 million in state chartered banks, with other investments in corporate bonds, other agencies and government securities.

Bob Maynard responded to Committee member's questions regarding the economic forecast for the future. He forecasts a light recession for the U.S. economy for the remainder of the year, adding that the pending war is a temporary issue, as long as it ends in a short period of time.

The U.S. economy is made up of two parts, 2/3 consumers and 1/3 corporations. We had a collapse in corporate profits. The real issue regarding the future economy is if the consumer stops spending before corporations start spending. That is a cause for concern. We need to rebalance. The key to a good investment program is consistency through good times and bad, over the long term.

The panel was thanked for their information.

**Review of Discussion
Items:**

Item #5: Revise the judicial election/appointment process. Darrell Manning agreed to rework this item after Committee discussion and suggestions that may allow the governor to make a selection from a list of selected candidates. He will send the proposal out to Committee members for review and a vote prior to the next Committee meeting.

Item #9: Conduct a study of the organizational structure and functions of H&W to determine if, or how, they might be better organized. Laura Gleason, support staff for the H&W Committee said they are also considering this recommendation and invited Darrell Manning to their next meeting. This item will be **held** until after Darrell Manning can meet with the H&W Committee.

Item #15: Conduct a study to determine if many county officials should be appointed rather than elected. **No further consideration.**

Item # 22: Ideally, there should be one accounting system used by all state agencies and operated by the Office of the State Controller. A discussion ensued regarding the cost of doing this. Eric Beck will set up a meeting with CFO's and CIO's from DHW, Transportation, Labor, and the State Controller's Office, etc. to determine dollar estimates that would adequately meet the needs of agencies with federal grants.

Item #64: Reduce the number of boards, commissions, and councils.

Final Action: Forward a modified recommendation to the 2020 Task Force that the Commission of Hispanic Affairs be moved under the Idaho Department of Labor as a pilot project to demonstrate the workability of the recommendation. The modified version will be distributed to Committee members prior to our next meeting for their approval.

Item #75: Study the possible creation of a quasi-judicial agency within the executive branch to preside over contested cases throughout the state. Eric will forward this recommendation to the Public Safety, Natural Resources and Transportation Committee.

Item #79: Provide incentives for state agencies and state employees to reduce the size and cost of government.

Final Action: Forward the recommendation (with a second example) to the 2020 Task Force.

Item # 182: Merge the Idaho Disability Determination Service (IDDS) into the Idaho Department of Labor (IDOL).

Final Action: Forward recommendation to the 2020 Task Force.

Additional suggestions were considered by the Committee to determine if they wanted to have them written up for Discussion Items for future consideration. All were referred to other sources or combined with others already addressed in other discussion items.

**Historical Library
And Records Panel:**

The following information regarding the Idaho Historical Society and the Idaho State Library was provided for discussion of the suggestion to consolidate Historical, Library and Records Services into a single agency.

Steve Guerber, President of the Idaho Historical Society, said his agency was founded in 1907 (prior to that it was the Pioneer Society). It has a seven member Board of Trustees, each from a different judicial district. They are responsible for the Boise Museum, Old Penitentiary Historic

District, Rock Creek Station, Franklin Historic District, Pierce Courthouse, Malad Gorge Site, Old Mission at Cataldo, Hell's Gate Interpretive Center and the Three Island Crossing Interpretive Center at Glenns Ferry. The IHS budget is made up of \$1.9 million from the general fund, \$1 million from federal funds and \$1 million from fees. Historic preservation is federally funded and they operate a federal tax credit program for historic preservation and tour programs.

Charles Bolles of the Idaho State Library indicated the State Library is over 100 years old. They took a 19% cut in general fund dollars, deemphasizing collection.

They have three projects that are emphasized: capacity building for services statewide/statewide resource sharing, a talking book library for the disabled and statutory responsibility for collecting/organizing and archiving state publications. They report to a six-member board, one from each legislative district. Their budget is \$2.3 million from the general fund and \$1 million in federal dollars.

Idaho ranks 49th in the nation for preservation of records. They should have 20 –23 staff, but exist with three. The process of going to electronic storage, i.e. computer storage, is a challenge as computers become outdated quickly which leaves them with a fragmented approach. Other problems noted are the duplication in record storage, the fact that the state does not have a clear policy for archived documents (it is done on a “catch can” basis) and there is a lack of coordinated automation. He feels placing the State Record Center under the State Historical Society Archive Division would consolidate the process and provide a single point of leadership. There are several models throughout the nation that have “records” under the Secretary of State's office.

The policy of the state board has been not to ask for any additional money. They need \$100,000 for the bicentennial Lewis and Clark trail so need someone who can champion these causes.

The Committee asked if we should combine the three agencies and seek a new sponsor such as the Secretary of State. Response: Yes.

Bobbi Eckerle of the Department of Administration's State Record Center and State Archive Coordinator said that agencies recognize that they are at capacity themselves. The state needs new purge and record retention policies. A question was asked about using microfiche. Response was it is effective only for those items that can be stored indefinitely.

The Committee asked what the state was doing to understand the issue of proper media. Steve responded that Idaho technology is on the leading edge but not ready for preservation of records. Electronic records are being lost because they do not have the staff to go out and get the records. This would be another argument for merging the agencies, as it would make better use of staff. A question was asked if they could subcontract the work. Response: All we would be doing is shifting responsibility with no savings. However, merging would at least result in some savings in administrative support functions such as accounting and personnel.

Darrell Manning asked Steve Guerber to rewrite the recommendation for consolidation and enhance it with information from Parks and Recreation and other suggestions above. Eric Beck will provide Mr. Guerber with the appropriate document format for the Committee recommendation.

Additional comments made regarding consolidation: Nationally, historic preservation sites are in the state parks system. The Talking Book could go to the Blind Commission or to Vocational Rehabilitation. How to effectively manage the State Library would be a great project for college library majors and would provide them with a good education in state programs. The Committee agreed that it made sense to merge records management with the Archive and Historical agencies.

The meeting was adjourned at 4:30 p.m.

Actions required on New Items		
Item	By Whom	When
<ul style="list-style-type: none"> ITRMC needs to develop recommendations that would strengthen leadership, legislation and address education. 	Rich Elwood	04/03/2003
<ul style="list-style-type: none"> Eric Beck will work with Darrell Manning to either rewrite #81 or use Rich Elwood's most recent recommendation as a basis for a new discussion item. 	Eric Beck	04/03/2003
<ul style="list-style-type: none"> Rework the suggestion for the judicial election/appointment process that would allow the governor to make a selection from a list of candidates. The proposal 	Eric Beck	04/03/2003

<p>will be sent out to Committee members for review prior to the next Committee meeting.</p> <ul style="list-style-type: none"> Item #9 is being held until Darrell Manning can meet and discuss with the H&W Committee. 	<p>Darrell Manning</p>	<p>No date set</p>
<ul style="list-style-type: none"> Item #22 regarding one state accounting system: set up a meeting with CFO, DIO from DHW, Transportation, Labor, SCO, etc for them to determine dollar estimates that would adequately meet the needs of agencies with federal grants. 	<p>Eric Beck</p>	<p>04/03/2003</p>
<ul style="list-style-type: none"> Item #75: Study the possible creation of a quasi-judicial agency within the executive branch to preside over contested cases throughout the state. Forward this recommendation to the Public Safety, Natural Resources and Transportation Committee. 	<p>Eric Beck</p>	<p>04/03/2003</p>
<ul style="list-style-type: none"> Rewrite the recommendation for consolidation and enhance it with information from Parks and Recreation and other suggestions above. Eric will help Steve with the format for the Committee recommendation 	<p>Steve Guerber & Eric Beck</p>	<p>04/03/2003</p>



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Government Organization and Structure Key Committee

June 24, 2003

DHR Conference Room, 1st Floor Joe R. Williams Building

AGENDA

8:30	Review of GOS Recommendations adopted by the Idaho 2020 Blue Ribbon Task Force.
9:00	Affirmation of recent GOS matters voted upon by e-mail.
9:30	Consideration of Pending GOS Discussion Items.
10:00	Break
10:15	Consideration of Pending GOS Discussion Items (continued).
11:30	Lunch

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

**Key Committee
Meeting Summary**



Idaho 2020 Blue Ribbon Task Force

Key Committee – Government Organization and Structure (GOS)

June 24, 2003

8:30 A.M. – 11:30 A.M.

Joe R. Williams Building
700 W. State Street, Boise

Attendees

Co-Chair:

Darrell Manning

**Key Committee
Members:**

Yvonne Ferrell
Arlen Wittrock
Jerry Ethridge (alternate representative for Dr. Billy Shipp)

**Subject Matter
Experts:**

Rich Elwood, Department of Administration, ITRMC
Jan Cox, Department of Administration

Guests:

J.D. Williams, Blue Ribbon Co-Chair
Hal Bunderson, State Senate
Keith Johnson, State Controller
Melinda Adams, Idaho Commission On Aging
Nathan Bentley, ITRMC
Steve Wilson, ITRMC
Don Fournier, ITRMC
Steve Allison, State Controller's Office

Support Staff:

Eric Beck, Labor
Kay Vaughan, Labor

Next Meetings:

None scheduled

Housekeeping:

Co-Chair, General Darrell Manning stated the intent of this meeting was preparation of final recommendations for the full committee, which convened later in the day. General Manning noted the GOS Committee had submitted more recommendations than any other, and that many of those recommendations had been accepted or acted upon by the Governor.

**Review of Decisions
Reached via E-Mail:**

Discussion Item #42, reduce the majority vote requirement to 60% for school districts adopting consolidated elections. Voted "yes" (4-1), submit to the BRTF. General discussion from committee members noted legislative action had failed in the past, may resume in the future.

Discussion Item #66, remove the cap on the maximum number of unused sick leave hours state employees may use toward paying health

insurance premiums in retirement. Voted “yes” (6-0), submit to the BRTF.

Discussion Item #1, the governor and lieutenant governor should be elected as running mates. Committee members discussed attempts made in the past, noted this will require a constitutional amendment, will not happen overnight. Agreed to advance recommendation to the BRTF.

Discussion Item #2, positions of lieutenant governor, secretary of state, state controller, state treasurer, attorney general and superintendent of public instructions should remain as elected officials. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (6-1); will not submit to BRTF.

Discussion Item #11, move group insurance from the Department of Administration to a Bureau of Employee Benefits within the Division of Human Resources. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (7-0); will not submit to BRTF.

Discussion Item #21, consider the possibility of consolidating the various state laboratories operating within state government. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (7-0); will not submit to BRTF.

Discussion Item #30, conduct a review of employee leave policies. Consider combining earned leave categories, such as annual, sick, and earned administrative leave. Committee members noted email vote for NO FURTHER CONSIDERATION (5-2). General Manning noted the recommendation for review of leave policies did not identify any way to improve them. Keith Johnson, State Controller, stated his office is required to track why a state employee is not at work, but asked is it important to know why. General Manning noted tracking sick leave is important since it applies to retirement. Mr. Johnson noted combining of leave is becoming the common trend; it would reduce accounting at the Controller’s office and at the agency level, and would reward those who are healthy. Discussion ensued including potential impact upon retirees, property rights associated with the current method, and related matters. General Manning suggested the Discussion Item be forwarded to BRTF with the wording, “Conduct a study...”. Committee members in attendance agreed. Forwarded to BRTF.

Discussion Item #41, state investment policies should be reviewed. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (7-0); will not submit to BRTF.

Discussion Item #63, reduce the size of government agencies, reorganize and become more efficient by providing retirement incentives to employees or altering current retirement eligibility rules. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (6-1); will not submit to BRTF.

Discussion Item #70, allow agencies to identify overtime requirements in their budgets. General Manning noted this is already allowed. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (6-1); will not submit to BRTF.

Discussion Item #74, provide state employees with additional annual leave during years when little or no money is provided for merit pay increases. Should classification be changed to NO FURTHER CONSIDERATION? Voted “yes” (7-0); will not submit to BRTF.

Should a Discussion Item be prepared based upon the public feedback item related to: “...a crisis affecting single mothers and blended families exists.” General Manning noted this is a complaint the agency, Health and Welfare, should handle. Voted “no”, (5-1); will not submit to BRTF.

Should a Discussion Item be prepared based upon the public feedback item related to: “Minimize the use of preprinted agency letterhead by using computer-generated forms”. Voted “yes” (6-0), submit to the BRTF. Eric Beck noted this will be recorded as **Discussion Item #86**.

Discussion Item #87, co-locate small state agencies in the same building. General Manning noted that co-location, when available, allows sharing administrative and computer costs. Senator Bunderson noted that we have legislative requirements for review of leases and leasing from the Building Authority. General Manning asked if this suggestion was necessary. Senator Bunderson believes so, but that taxpayers do not want monuments. Noted that the Building Authority has saved many tax dollars. The Committee agreed to deletion of first bullet item. Voted “yes” (4-2), submit to the BRTF.

Further Business:

Discussion Item #4, consolidate self-governing licensing boards and commissions into a Division of Occupational Licensing within the Department of Self-governing Agencies. Will allow for cost sharing of some administrative and technical support functions. The committee noted that some boards are autonomous, would not change, nor would

autonomy in confidential records. The Committee voted to submit to BRTF.

Discussion Item #22, conduct a study of the State's accounting systems. General Manning noted this item has been discussed on several occasions, always asking if we should move toward a centralized accounting system. Each agency has separate needs and it may be difficult for one entity to cover them all. Several have systems in place that were constructed using federal funds to meet federal reporting requirements, and are an impediment to a centralized system. However, there are some functions that could be centralized. Noted he had received another alternative paper that morning. In prior discussions, we were informed that a centralized system could be established for \$5 million. Input from technical experts has raised that to \$500 million.

Keith Johnson, State Controller, discussed the need to minimize "stovepipes" and to obtain better utilization of effort and maximize the utility of tax dollars.

General Manning asked if a comprehensive study could help determine the best direction.

Mr. Johnson said he thought so, that he would like to go that direction, and he would like the Governor to lead in this arena. We need to research options.

Committee members discussed current system, its abilities, and weaknesses.

JD Williams noted that more robust accounting and management tools have been developed during the 90's. Feels it's time to look at how we do this, yet with discretion for agencies. Supports a study at this time.

Discussion ensued regarding who should be involved in the review. Wording was changed in second paragraph to include Division of Financial Management and other policy makers.

Receiving no objections, Committee agreed to forward second document to BRTF, with changes.

Discussion Item #38, Change the function of the Soil Conservation Commission from directing to that of advisor to the Idaho State Department of Agriculture (ISDA).

General Manning noted this was submitted to the BRTF, but was withdrawn from the floor for further study. Because the Commission is in the agency, the Committee felt it should report to the agency. The agency wants the Commission fully engaged.

Committee members discussed size of staff and the possibility of financial savings.

Receiving no objections, Committee agreed to forward to BRTF.

Discussion Item #83, policy guidance related to IT development. The committee discussed responsibilities to Idaho's citizens, that much of what is written in this document could be a preface to the Governor's Strategic Plan. Debated if this document would do much good; agreed that putting it in writing will reinforce the message. May get included in IT's plans or state planning process.

Without objection, Committee agreed to forward to BRTF.

Discussion Item #84, state should continually review and update its purchasing laws, policies, procedures.

Eric Beck noted that since the last meeting, a response was received from Division of Purchasing and this document has been amended to incorporate their comments.

Committee members discussed current procurement, bidding processes, the obstacles, concerns related to the "design and build" option.

General Manning asked Jan Cox if there were any points in the paper that concerned Dept of Administration, any problems with the language. Jan is comfortable with the document.

Without objection, Committee agreed to forward to BRTF.

Closing Remarks General Manning informed the Committee that the BRTF chairs met yesterday with the Governor, who will review the BRTF recommendations and may ask BRTF members to look at some other things.

General Manning thanked the members for their involvement and input to the GOS Committee.

There being no further business, the meeting was adjourned.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 7

Revenue and Economic Development Recommendations

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



REVENUE AND ECONOMIC DEVELOPMENT COMMITTEE MEMBERSHIP

Mike Mooney- Co-Chair
Vice President, Key Bank, Boise

Larry Cope- Co-Chair
President, Clear Springs Food, Buhl

Art Brown
CEO/Chairman of the Board, Hecla Mining Co., Coeur d'Alene

Bill Flory
Farmer, Culdesac

Doug Gross
Potato Farmer, Wilder

Larry Jeffries
CPA, Travis Jeffries, Boise

Randy Nelson
President, Associated Taxpayers of Idaho, Boise

Tom Nicholson
Board of Directors, Micron Technology, Boise

Con Paulos
Owner, Con Paulos, Inc., Jerome

Mark Ricks
Former Idaho Legislator, Rexburg

Staff Support
Administrative Support, Idaho Department of Labor
John McAllister
Roy Valdez

Division of Financial Management
Maria Barratt
Mike Ferguson

Subject Matter Experts
Dewey Hammond, State Tax Commission Chairman
Gary Mahn, Department of Commerce
Karl Tueller, Department of Commerce



REVENUE AND ECONOMIC DEVELOPMENT COMMITTEE

GUIDING PRINCIPLES

- A. The State of Idaho should continue to budget annually.
- B. Idaho's short and long-term economic health relies on a business-friendly climate that encourages job creation.
- C. Idaho enjoys the highest possible credit rating giving us low cost flexibility for financing alternatives. This advantage must be preserved.
- D. Idaho is recognized for its well-balanced tax structure. This advantage must be preserved to achieve the long-term goals of a strong business climate, the retention and growth of current business, and the attraction of new jobs. Idaho has historically provided local property tax relief and absorbed public school funding by shifting more and more of those costs to the state. Today's weaker state income and sales taxes collections are resulting in state revenue shortfalls while the property tax continues to grow status quo. Keeping Idaho's property, income and sales tax system balanced will become a greater challenge, especially if the economy remains weak and local property taxes continue climbing.
- E. Idaho's economy is rapidly changing from a production to service base, and those changes require a thorough review of tax exemptions.
- F. Idaho must adequately fund economic development in the State to be competitive with neighboring States.
- G. Business practices at the State level must involve a continuous improvement system to ensure that inefficient or ineffective practices are discontinued or corrected.
- H. Education is a key element in Idaho's economic development focus.
- I. The Idaho Legislature will benefit from the Moore Study now being completed for the Idaho Tax Foundation, a sister organization of the Associated Taxpayers of Idaho.
- J. Idaho State government needs to do a better job of harnessing its most valuable asset—State employees.



REVENUE AND ECONOMIC DEVELOPMENT COMMITTEE PRELIMINARY RECOMMENDATIONS

REV PRELIMINARY RECOMMENDATION #1

Implement an estimated tax payment system for the State's Individual Income Tax.

Basis for recommendation:

Currently taxpayers with non-wage income do not pay taxes until April of the year following the tax year. An estimated tax payment system would require such taxpayers to pay tax on their estimated income in installments in April, June, September and January.

Advantages:

- Treats non-wage income the same as wage income where taxes are withheld each payroll period.
- Will increase revenue to the State in the year of implementation.
- It is not a tax increase yet raises revenues.
- Functions exactly like the estimated tax mechanism used with federal income taxes. Implementation should not be difficult.

Disadvantages: It is a one-time revenue increase, and thus will mask the State's budget imbalance for one year. Other measures on either the expenditure or revenue side need to accompany this in subsequent years or the problem will return.

Budget Impact:

- May increase revenues in the initial year by \$70 to \$80 million.
- Taxpayer must have an Idaho tax liability of at least \$500. Approximately 80,000 individual taxpayers meet this criteria.

Risks:

- Low interest rates and the stock market's poor performance for the past year may decrease non-wage income as compared to prior years, decreasing the budget impact below the estimated range shown above.

Obstacles: None

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REV PRELIMINARY RECOMMENDATION # 2

Increase the number of tax personnel at the Idaho State Tax Commission primarily to focus on non-filer and compliance recovery.

Basis for recommendation:

It is presently estimated that an additional \$1.8 million investment in additional tax personnel should yield at least \$9.1 million of new tax revenue in Fiscal Year 2004. The focus of this effort would be on contacting more non-filers and on collecting existing accounts receivable, not hiring more auditors.

Advantages:

- More equitable enforcement of existing tax laws.
- Does not involve an increase in taxes.
- Improves General Fund revenues to the State.

Disadvantages: Increases the number of State employees.

Budget Impact: See *Basis for Recommendation*.

Risks: Law of diminishing returns: This approach has been tried previously, and the revenues generated by repeating the exercise may not be as great.

Obstacles: None

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REV PRELIMINARY RECOMMENDATION # 3

Modify the Investment Tax Credit to make it transferable to other taxpayers from the taxpayer earning the original credit. This transfer provision would only be applicable to credits earned for qualifying Idaho investment made on or after the date of enactment and would be limited to just one exchange.

Basis for recommendation:

The existing Broadband Equipment Investment Credit contains a provision whereby the taxpayer making the original equipment investment can transfer the tax credit on that investment to another taxpayer. This increases the value of the credit because it allows a business lacking sufficient taxable income to make immediate use of the credit by selling the credit to another business that does have sufficient taxable income. Adding the same provision to the regular Investment Tax Credit is intended to make that credit a much more effective economic development tool.

Advantages: This recommendation neither increases nor decreases taxes.

Disadvantages:

- This recommendation will cause credits to be used that would not otherwise be used as a result of the failure of the business earning the credit. However, the impact of economic development may balance this drain on State revenues.
- Multiple transfers limit the assurance that the credit claimed is for the purpose for which it was intended. No tracking system is in place.

Budget Impact: \$8 million reduction in revenue.

Risks: This recommendation could cause a significant short-term reduction of State revenues due to credits being used earlier than would otherwise be the case.

Obstacles: None

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REV PRELIMINARY RECOMMENDATION # 4

Increase cigarette tax by 20 cents per pack and direct increased revenues to the State's General Fund.

Basis for recommendation:

Cigarette taxes have increased dramatically all over the US. Idaho can raise its cigarette taxes to the US median price per pack and still stay competitive with neighboring States.

General Information:

The median US cigarette tax is \$.48 per pack. Idaho's cigarette tax is \$.28 per pack; Oregon's tax is \$1.28 per pack; Utah's tax is \$.695 per pack; Washington's tax is \$1.42 per pack; Wyoming's tax is \$.20 per pack; Nevada's tax is \$.35 per pack; and Montana's tax is \$.18 per pack.

Advantages:

- Increasing tax on cigarettes will help balance their health cost to society.
- Increasing tax on cigarettes may help lower consumption.
- This recommendation will increase revenues to the State.

Disadvantages:

- This recommendation does represent a tax increase.
- This recommendation is not broad-based and impacts a specific industry.
- There will be significant opposition to this increase.
- This tax increase may have a greater impact on low to moderate wage earners.

Budget Impact:

- This recommendation will increase General Fund Revenues by \$15.6 million.

Risks:

- This tax increase may drive more business to the Indian Tribes where State cigarette taxes are not collected.
- This tax increase may drive more business to neighboring States with lower cigarette taxes.

Obstacles: None

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REV PRELIMINARY RECOMMENDATION # 5

Support the effort of the Streamlined Sales Tax Project to collect tax on remote sales by simplifying and modernizing sales/use tax administration.

Basis for recommendation:

Online merchants have an unfair advantage over brick and mortar business located in Idaho. Online merchants avoid collecting sales tax and thus can offer merchandize at lower cost. Idaho needs to become an active member of the Streamlined Sales Tax Project consortium of States seeking federal legislation to require online merchants to collect sales taxes.

Advantages:

- Eliminates the tax inequity between online and brick and mortar businesses.
- Increase sales tax revenues to Idaho.

Disadvantages: Will be difficult to enforce.

Budget Impact: Somewhere between \$20 and \$40 million increase in revenues.

Risks: May discourage further development of commerce over the Internet.

Obstacles: Requires federal legislation that has proven difficult to get.

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation; Federal Legislation



REV PRELIMINARY RECOMMENDATION # 6

Implement an Accounts Receivable Offset program for those businesses or individuals providing services to the state of Idaho that have established tax liabilities to the state. This could also be extended to things like lottery proceeds.

Basis for recommendation:

The state is doing business with vendors that, in turn, owe established tax liabilities to the state of Idaho. This proposal would subtract any established state tax liability from a payment for services rendered before the warrant for payment is processed and sent to the vendor. This could be extended to any liability owed to any state agency and the monies would be transferred to the appropriate agencies.

Advantages:

- Represents an efficient collection mechanism.
- Reduces potential write-off of uncollectible accounts.
- More efficient use of cash.
- Decreases tax gap and increases tax equity.

Disadvantages: Significant I. T. programming effort required at Office of Controller. They estimate 1,340 hours @ \$60 per hour.

Budget Impact: Enhanced collection estimate is \$250,000 first year (from Office of Controller). This will require the expenditure of \$80,000 - \$100,000 by the Office of the Controller for new I.T. programming.

Risks: None

Obstacles:

- Legislation.
- Programming in Controller's office. No new effort required at State Tax Commission.

Alternatives: Status quo.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REVENUE RECOMMENDATION #7

Increase sales tax rate by 1%, effective June 1, 2003, and sunset this increase 3 years from the date of enactment. Distribution formula should be modified so that all increased revenues accrue to the State's General Fund. Legislature should appoint an interim committee to study all sales tax exemptions and untaxed services during this three-year period with the intent of lowering the overall sales tax rate by broadening the base against which the tax is applied. The State should continue to pursue efficiencies in order to reduce expenditures.

Basis for recommendation:

We are making this recommendation as a short-term measure to protect the bond rating of our State, to reverse the loss of valuable talent from our state educational institutions, to invest in education, to continue to encourage companies to invest, and to ensure a stable economic environment. We expect our State to review and maintain a balanced tax structure in our increasingly service oriented economy with continued reduction of expenditures through increases in productivity and other efficiencies.

Advantages:

- Is a temporary tax increase
- Will help resolve although not entirely solve the revenue problem for Fiscal Year 2004
- Could provide adequate time for adjustments to be made to the State's taxing structure

Disadvantages: Represents a tax increase.

Budget Impact: \$160 million per year increase in General Fund Revenues.

Risks: Gives Idaho a competitive disadvantage to surrounding States with lower sales tax rates.

Obstacles: Legislation

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REVENUE & ECONOMIC DEVELOPMENT COMMITTEE INTERMEDIATE RECOMMENDATIONS

REV INTERMEDIATE RECOMMENDATION: #1:

Place a sunset provision or an Idaho Administrative Procedure Act (IDAPA)-like process on all sales tax exemptions and require legislative review and action in order to be reinstated. Stagger the reviews so that at least 25% of the exemptions are examined in any one-year. This process is ongoing

Basis for recommendation: Exemptions to Idaho's sales tax have grown since the tax was created, and have not been reviewed since their original passage. Each exemption should be reviewed by the Legislature periodically in order to ensure that the exemption remains in the best interests of the State of Idaho. This recommendation limits the number of exemptions reviewed each year to 25% of the total exemptions in order to moderate the impact on the legislature.

Advantages:

- Ensures that sales tax exemptions receive ongoing scrutiny instead of just the one time scrutiny received when initially passed. In this manner exemptions which are no longer in the best interests of the state can be allowed to lapse
- If sufficient exemptions are allowed to lapse, the overall sales tax rate could be reduced.
- If services exemptions are allowed to lapse, this recommendation could serve to adapt the sales tax to Idaho's current economy where the sale of services is much more prevalent than the sale of goods. The existing sales tax was created in the 1960's when sale of goods and not services was the primary transaction in Idaho's economy.

Disadvantages:

- Will require a substantial effort by the Legislature in reviewing each exemption to ascertain whether the exemption should be renewed.
- When an exemption is allowed to lapse, it represents a tax increase to taxpayers who previously enjoyed an exemption from the sales tax and will likely result in complaints to the Legislature from those impacted.

Budget Impact: Depends on whether exemptions are allowed to lapse.

Risks: None

Obstacles: None

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



REVENUE & ECONOMIC DEVELOPMENT COMMITTEE LONG-TERM RECOMMENDATIONS

REV Long-Term Recommendation #1:

Preserving a balanced tax structure that meets long-term business and governmental service needs also involves a continuous improvement system to ensure public services are provided efficiently and effectively.

Idaho has a high ratio of taxing districts compared to population served. Consolidation of taxing districts (such as counties, highway districts, fire districts, school districts, etc.) needs further study as does centralization and sharing of certain services. This will help reduce the cost and growth rate of taxing district maintenance and operation budgets, thus optimizing service efficiency and providing opportunity for tax rate reduction.

Basis for recommendation: Year 2002 National Education Association statistics comparing number of school districts to average daily attendance (A.D.A.) results in a ratio of 2,031 students per each of Idaho's 114 school districts. The national average is 2,910 students per district. Compared to other states and the District of Columbia, Idaho ranks 35th lowest (a 51st ranking being the least students per district).

Year 2002 U.S. Census of governmental units per state (which includes all local taxing units plus school districts) when matched with state population, results in a ratio of 1,116 people served per each of Idaho's 1,159 taxing units. The national average is 3,213 population served per taxing unit. Compared to other states and the District of Columbia, Idaho ranks 44th lowest (a 51st ranking being the least population served per taxing unit). The above comparisons indicate that Idaho's average daily attendance per school district is 30% less than the national average. And, Idaho's average population served per all taxing units is 65% less than the national average. While it is important that Idaho's tax structure be competitive with neighboring states, Idaho should always strive to provide public services most efficiently and effectively. Providing those services with fewer governmental units would presumably be more efficient and implementation plans that consolidate taxing districts and service functions need serious evaluation.

Advantages:

- Fewer taxing units and school districts should result in less duplication of administrative services while improving the quality of administrative services.
- Fewer taxing units and school districts should eventually result in greater use of existing infrastructure such as equipment and buildings with reduced creation of duplicative infrastructure.

Disadvantages: Consolidating taxing districts or school districts may be viewed as adversely impacting local control.

Budget Impact: Should reduce expenditures for both state and local government. The extent of this reduction depends on the degree of consolidation.

Risks: Once consolidation has occurred it would be very expensive to undo.

Obstacles: None

Alternatives: None

Possible Implementation Vehicle: State Legislation



REV Long-Term Recommendation #2:

Idaho needs to preserve a balanced and predictable tax structure including tax incentives in order to attract and retain business and investment. This balanced tax structure consists of a combination of income, sales, property taxes and fees and provides most of the funding for government services. Other taxes such as fuel, beer and wine taxes should be fair and equitable.

The tax structure should be made predictable by minimizing the number of increases, decreases or other changes. Having a long-term strategy that maintains a balanced tax structure while minimizing short-term changes will attract capital and business to Idaho.

Furthermore, the stability of the corporate income tax also depends on how the interstate apportionment of taxpayers' business income is calculated. Reliance on a broad based formula that is based on the taxpayers' property, payroll, and sales is less volatile than a formula that either over-weights or relies on only one of these factors, such as sales. Idaho currently uses this broad based formula and should continue to do so.

Basis for recommendation: Many states have suffered disproportionately in recessions because of their dependence on a single tax or funding source. For example, if Idaho's tax structure were totally based on income taxes, the current financial pressure on the state would have been much worse. Income taxes have dropped dramatically while sales tax revenues have been increasing. Idaho's reliance on a combination of income, sales, property taxes and fees provides a more stable revenue stream to fund government services, and minimizes the need to make drastic changes to specific taxes in order to cope with economic downturns.

Advantages:

- Balanced tax structures provide stability during volatile economic periods.
- Business craves predictability. Creating a business plan that accommodates unpredicted events like large increases in taxes is an impossible task.
- A predictable tax structure will attract business investment because many states have little if any predictability.

Disadvantages: More difficult to implement and enforce than a tax structure with less diverse forms of taxation.

Budget Impact: Stability

Risks: Bordering states will not have the same mix putting Idaho business at a competitive disadvantage.

Obstacles: None

Alternatives: Eliminate any one or some combination of the three primary taxing mechanisms.

Possible Implementation Vehicle: State Legislation



REV Long-Term Recommendation #3:

Future economic growth and financial viability of the State of Idaho will depend on the retention and expansion of existing jobs and the creation of new jobs. To accomplish this Idaho must increase dedicated funding for marketing and economic development by an annual minimum of \$1.5 million. This could include funding from the state's General Fund, Lottery funds, private funds through a nonprofit corporation, some portion of the hotel/motel tax, or some portion of the sales tax. Unspent Department of Commerce funds would be permitted to carryover into a fund for the specific use of the Department of Commerce in future years. Details on the oversight of this fund will be determined later.

Basis for recommendation: Almost all states bordering Idaho spend much more on marketing and economic development than does Idaho. The Department of Commerce budget for marketing the state is approximately \$150,000 per year. This amount is extremely small when compared to the millions of dollars spent on marketing and economic development by States like California, Oregon and Washington. Spending this \$1.5 million on marketing and economic development orchestrated by the Idaho Department of Commerce will benefit everyone.

Advantages:

- Greatly improves Idaho's competitive position in trying to attract new business to the state. Idaho will be better able to get its story and advantages across to businesses that are seeking to relocate.
- Provides the Department of Commerce with additional tools to enhance economic development in Idaho.

Disadvantages: None.

Budget Impact: \$1.5 million dedicated to marketing and economic development.

Risks: Failure to enhance economic development efforts risks the loss of the state's ability to retain current jobs and attract new ones.

Obstacles: None.

Alternatives: Do nothing and suffer the consequences.

Minority Opinion(s): None.

Possible Implementation Vehicle: State Legislation



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 8

Revenue and Economic Development Agendas and Minutes

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



REVENUE AND ECONOMIC DEVELOPMENT COMMITTEE

MEETING SCHEDULE

October 11, 2002

November 7, 2002

November 14, 2002

November 19, 2002

November 26, 2002

January 7, 2003

April 3, 2003

May 27, 2003

June 12, 2003



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – October 11, 2002

Meeting Location – Joe Williams Building, 4th Floor Conference Room

Attendance:

Committee Members: Mike Mooney, Larry W. Cope, Art Brown, Bill Flory, Doug Gross, Larry Jeffries, Randy Nelson, Tom Nicholson, Con Paulos, Dick Shippee

State Staff: Brian Whitlock, Dewey Hammond, John McAllister, Roy Valdez, Dan Jones, Mike Ferguson, Maria Barratt.

Others: Chuck Winder, Representative Jim Clark, Roger Madsen (ID Dept of Labor), Dan Popkey (Idaho Statesman), and Roger Sherman (Idaho Citizens Network).

Decisions/Recommendations:

None.

Discussions/Rationale for Decisions Recommendations:

Issues Discussed:

1. We need to understand the Committee's Mission Statement – (We are consultants in this process).
2. Best ideas come from people in the field. State employees are an invaluable resource in solving the current financial crisis.
3. Crisis represents an opportunity to assist Executive Branch and Legislature with defining short-term and long-term revenue needs.
4. We need to be careful about making long-term decisions under current economic pressures—maintain long-term perspective.
5. We must maintain favorable business climate in Idaho to provide jobs.

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

6. Important to maintain investment in R&D—keep an eye on the future.
7. Need to look at creating job opportunities for people in the future.
8. If you spend money on Higher Ed, also work to create jobs that keep the graduates in Idaho.
9. Education is key to attracting business and to maintaining a good business climate.
10. Agricultural contraction has been difficult, but the situation provides opportunities. State needs to be run in a business-like manner.
11. The State's revenue situation is an opportunity for improvement.
12. We need both Executive and Legislative commitment to change.
13. The State does not have a revenue problem. It has an expenditure problem.
14. Current situation is an anomaly and will eventually correct itself.
15. Potential exists for fixing the current financial crisis on the revenue side by improving the business climate—more and better economic development. Recent rural development efforts are a good example of that.
16. Resource industries can not be counted on to fuel the recovery.
17. Good times lead to bad habits and bad times lead to good habits. The State has developed some bad spending habits over the past few years.
18. Avoid basing plans on good times while planning for the bad times.
19. We need to get ideas and feedback from State Agencies.
20. Are we to deal with the short-term budget shortfall or deal with long range planning through 2020?
21. Concern was expressed about synchronizing the various committees on revenues and expenditures.
22. Short-term means two to three years and should be addressed, but the long-term plan should be the primary focus of the Committee.
23. We need to estimate revenue streams under various tax structures.
24. We need to identify priorities and problems. We need to examine our funding system and determine whether it will accomplish priorities by 2020.
25. Attack short term issues first and work on intermediate and long-term issues later.
26. Proposal to forgo existing tax credits for the short term with credits returning after the revenue crisis has subsided.
27. Is there a better way to collect revenues through technology or restructuring. Can we streamline the tax collection process (E-file, mandate for tax preparers? Extend filing deadlines for e-filers.).
28. Amnesty on Tax Collection.
29. The real revenue stream is jobs.
30. Tax system must be predictable in order for business climate to be favorable. Idaho's Tax System is more predictable than those of surrounding states.
31. Distribution formulas for State tax collections should be studied and changed where appropriate. Distribution formulas sometimes provide excess funding to some entities and deficient funding to others.
32. If the State Tax Commission could design a perfect tax system what would that system be?
33. All discretionary funds have been drawn down. We need a period of lower expenditures to build those funds back.

34. There is no appetite for raising taxes.
35. Must run the state within existing revenues in the short-term—you must reduce expenditures.
36. Why do we have so many school districts?
37. Do we need 44 counties?
38. Why has Health and Welfare grown so much?
39. Government owns too many buildings which represents an inefficient use of capital.
40. Income tax started in 1931 to primarily pay for school funding. It was also sold as property tax relief. Sales tax started in 1965 to primarily pay for school funding and to provide property tax relief. We must not only look at State problems, but also look at local tax problems. Property tax needs to be scrutinized.
41. We need a blueprint of the current tax system in order to understand it.
42. Is a 3% sales tax with no exemptions practical.
43. What is the cost of programs that the Federal government used to fund but has stopped funding.
44. Cost of lost revenue as a result of no Internet taxes. Annual Cost may be as high as \$44 million.
45. Congress needs to require out of State business to report sales and remit sales taxes to the States. Idaho needs to express support of this to Congress. HR2525 would raise the “Nexus” standard nationally. States need to lower the standard otherwise out of state business comes in and takes business away from business within the State. Idaho needs to also express opposition to HR2525 to its Congressional delegation.
46. National effort is presently underway to simplify all States sales taxes to enable a national collection mechanism.
47. The economy and technology have both changed greatly since the sales tax was created. Move from goods producing industries to services industries may eventually result in lower sales tax collections.
48. Idaho State Tax Commission may not have the tools or people to do adequate audits/collections. The Revenue Committee needs to consider addressing both audits/collections on non-filers/non-compliers.
49. Can we do anything more to collect what’s out there? Impact will probably be limited because of the law of diminishing returns.
50. State revenues grew 8.6% and appropriations have grown about 8.3% per year for 14 years in a row until 2002. What if the money had not all been spent? During the same period State population grew an average of 5% per year.
51. Zero-based budgeting should be considered.
52. Why is the education budget sacred? Since education represents two thirds of the budget, it is likely it also has two thirds of the waste and inefficiency. Exempting education from the holdback allows that waste and inefficiency to continue.
53. Governor views the 2020 Task Force as a good 2nd term project. He also thinks some short-term benefits will come from the exercise.
54. Some revenue streams such as the product taxes have not been scrutinized for forty years. Some of the product taxes are based on a dollar cost per unit of

- product and have not been changed since the 1960's. It is time they were examined?
55. The DFM General Fund Revenue Book has a complete history on all product taxes.
 56. The Governor's hope is for the group to take a long-term view.
 57. We need to get legislative leadership involved in the Revenue committee's process. Governor intends to involve the Legislature in the next full 2020 task force meeting.
 58. Has the Governor's office studied removing the sales tax exemption for services? The budget book from DFM includes estimates of lost revenue from sales tax exemptions.
 59. If you remove any sales tax exemption, it will be called a tax increase.
 60. Any increase in sales taxes will have to be increased in order to compensate for the distribution formulas. However, we can alter the percentages in the tax distribution formulas so that the distributions to non-State governments would not change when the sales tax rate is increased. 1% increase in sales tax would produce \$160 million.
 61. An index of web sites on Idaho tax issues would be nice.
 62. Copies of a National study on State tax structures were distributed to members. This information will also be included on the Revenue Committee Web site.
 63. We have over 1000 local taxing districts. Who can mandate some consolidation of all these taxing districts. Consolidation will undoubtedly reduce administrative expenses and thus save money for the State.
 64. What do dedicated fund revenues total? Federal funds are \$1.5 billion, dedicated funds are \$.5 billion, other taxes are \$.5 billion, and the General Fund is \$2 billion. Fees, the hidden tax, probably total about \$1.5 billion, Property taxes are over \$1 billion. State personal income is \$32 billion.
 65. General Fund Revenue publication from DFM was reviewed. Members were encouraged to study this publication closely because it provides a detailed picture of Idaho's tax structure.

Assignments:

(Include responsible person and completion date.)

1. Dan Johns of the Tax Commission and Randy Nelson of the Associated Taxpayers of Idaho will create a blueprint of Idaho's Tax Structure – completed by 10/18. Report will be placed on the Web site under the Revenue Committee.
2. Mike Mooney and Larry Cope will determine the time and place for the next meeting. Meetings will likely be by conference call with written materials, powerpoint presentations, etc. available on the Revenue Committee's Web site.

Questions/Requests for Information:

(If assigned to non-IDOL, include responsible person and completion date.)

None.

Next:

Next meeting time and place to be announced. The committee prefers a conference call using web sites to review information, charts, data, etc.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Governors Task Force
Revenue Committee
November 7, 2002

AGENDA

MEETING DATES :

November 7 from 9:00 a.m. until 11:00 a.m.
November 14 as scheduled with Governor's Task Force
November 19 from 9:00 a.m. until 10:00 a.m.
November 26 from 9:00 a.m. until 10:00 a.m.
December 3 as scheduled with Governor's Task Force

FOR REVIEW AND DISCUSSION:

- 1) Minutes from previous meeting
- 2) Dan Popkey column
- 3) General revenue fund book review
- 4) Dan Johns/Randy Nelson presentation
(each committee member will receive book)
- 5) Mission statement
Suggest we accept it as written and focus on the vision and objectives
- 6) Vision suggestions – balanced budget annually is a best practice
 - Idaho's 20/20 economic health relies on a business-friendly climate that encourages job creation. Consider short- intermediate– and long-term strategies.
 - Idaho enjoys the highest possible credit rating giving us low cost flexibility for financing alternatives. This advantage must be preserved.
 - Tax structure should be balanced to achieve the long term goal of strong business climate; balance will assure the attraction/retention of jobs.
 - Revenue considerations for the purpose of the committee will include the state general fund sources, allocation formulas and exclusions, Federal government funding, and local tax structure.

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

- Business practices at the state level must involve a continuous improvement system to assure that it is “Business as Unusual” going forward.
- Miscellaneous ideas:
 - *Transition from product to service based economy
 - *Aging of the population
 - *Technology/information systems efficiency
 - *Collect all taxes and fees owed
 - *Quantify rainy-day funding
- Coordinate revenue needs with other committees

7) Committee Assignments

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – November 7, 2002

Meeting Location – Conference Call & 4th Floor Conference Room, 317 W Main, Boise

Attendance:

Committee Members – Larry Cope, Bill Flory, Doug Gross, Larry Jeffries, Mike Mooney, Randy Nelson, Tom Nicholson, Con Paulos, Mark Ricks

Committee Members Absent – Art Brown

State Staff – DFM: Mike Ferguson, Maria Barratt; Tax Commission: Dewey Hammond, Dan John; Department of Commerce: Gary Mahn, Karl Teuller; Department of Labor: Roger Madsen, John McAllister, Rogelio Valdez

Others: Wayne Hoffman (Idaho Statesman)

Decisions/Recommendations:

The Committee accepted the minutes from the initial meeting.

Discussion/Rationale (Number the same as above):

Gary Mahn, Director of the Department of Commerce, made a presentation to the Committee on economic development concerns.

Although high technology businesses are hurting, there are some positive things going on in Idaho. The most notable of these is the announcement by Grupo Modelo of the construction of a malt barley plant in Bonneville County. This construction involves a \$75 million investment. In response to this announcement, Budweiser decided to

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

invest another \$75 million in its existing malt barley plant. As a result of these investments, barley purchases will increase for growers all over the State – in excess of 40 million dollars.

Important items:

1. The State of Idaho should maintain the rural program/initiative funded by the legislature at \$3.9 million. This program spends \$3 million on grants for rural economic development and \$500,000 to mostly fund the salary of 12 rural economic development staff, although there are another 18 for a total of 30 rural economic development staff all over the State. The program has made major progress on economic development in rural Idaho. \$400,000 from the Gem Community program was also dedicated to this program but funding for the Gem Community program was discontinued as a result of budget holdbacks. Gary recommended that the State restore the \$400,000 to the Gem community grant program. These grants have also made a big difference in rural Idaho.
2. We need a science and technology strategy for the State of Idaho. The Science and Technology (S&T) Council developed a plan to enable science and technology companies to prosper. We need to embrace that science and technology plan and fund it. We have no State organization that concentrates on science and technology. Idaho needs to create an organization with an Executive Director to concentrate on working on the recommendations in the S&T Plan. This should be done in concert with existing efforts at the INEEL. Even though Idaho has the highest ratio of patents to population in the United States, it does not do a good job of commercializing technology developed in the State.
3. Idaho needs to maintain existing tax incentives. The most attractive attribute of the State for business is a stable tax structure that is business friendly. The Investment Tax Credit and R&D credit, etc. have sunset provisions that should be removed in order to maintain this stability and business friendly orientation. Idaho also needs to maintain the Workforce Development Training Fund. This fund subsidizes training for new jobs in Idaho. It is the only incentive the State currently has for attracting new jobs to Idaho.
4. Gary also mentioned that Idaho receives a \$10 million grant from HUD for Community Development Block Grants. These grants play an important role in building local infrastructure.

Short Term Recommendations:

1. Idaho currently has a fund of \$150,000 to market the State of Idaho. This is not enough. It is used to buy ads in site location magazines, web development, etc. Commerce would like \$1 million for marketing Idaho. Some regions of the State do a better job marketing than does the State as a whole. Surrounding States do much more of this than does Idaho.
2. International programs should be continued and even expanded. Another \$200,000 in this program would be helpful. Trade missions have been

very helpful. Commerce has identified \$11 million in sales directly attributable to trade missions. Unfortunately these trade missions have been cut back. We have closed the office in Japan, but maintain offices in Shanghai, Taiwan, and Guadalajara. We need to work harder promoting global trade with Idaho businesses. International trade and business is critical for long-term economic success.

Long-Term Recommendations:

1. Commerce is trying to build an economic development team to be the sales force for the State of Idaho. Commerce is making real progress on this effort. Idaho still views itself from the perspective of resource industries even though such industries have become a much smaller part of the overall economy. That needs to change. Science and technology deserves more attention and resources, including educational resources.
2. The State of Idaho is at a disadvantage with Economic Development because the governor does not have a pot of money to provide incentives for businesses to move to Idaho. The Modelo plant was made possible as a result of INEEL settlement funds given the State for economic development in SE Idaho to pay for infrastructure, land, etc.. Idaho needs to create a fund that the Governor could use at his discretion to clear barriers to economic development. The proposed funding would be used to construct infrastructure that not only helps the new business but also the region generally. Oregon had \$96 million available for economic development last year which was allocated from the State lottery.
3. Bordering States have different taxing practices which create inequities for Idaho businesses competing with businesses from the neighboring State. The State needs to create a task force to study these border problems. Idaho might create enterprise zones and provide special consideration for various taxes in these zones. Several surrounding States have done this.
4. Offshore manufacturing is a major challenge for Idaho. Business cannot afford not to manufacture in places like China where their costs are so low. How can we help companies which manufacture in Idaho? We need to find ways to accommodate low cost offshore manufacturing.

Gary concluded his presentation. A copy of the Idaho Economic Agenda from the Department of Commerce is included on the Revenue Committee Related Documents web site.

A suggestion was made to reallocate resources within the State to help the University of Idaho attract business from Washington State which has a much less friendly business environment than does Idaho.

Another suggestion was made to use part of the investment tax credit to provide funds for economic development.

The remainder of the meeting was spent reviewing the [Idaho Tax Structure Report](#) prepared by Randy Nelson and Dan John. Dewey Hammond will finish the presentation on this report in the next meeting.

Questions/Requests for Information:

(Include responsible person and completion date.)

1. Dewey Hammond – Estimate property taxes on broadband investments for which the broadband credit was taken. Completion date: Nov 14, 2002.

Assignments:

(Include responsible person and completion date.)

1. Committee members are to review the draft recommendations for discussion in the next meeting. The format for recommendations is available at <http://www.idaho2020taskforce.org/revenue>. Suggestions on recommendations should be communicated to John McAllister via email at jmcallis@jobservice.us. John McAllister will ensure that all suggestions are copied to all committee members. Draft recommendations on the web will be updated continually as the suggestions are received.

Next Meeting:

The next meeting will be held on November 14, 2002 at the Joe R. Williams Building State Office Building, East Conference Room.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – November 14, 2002

Meeting Location – Joe Williams Building, 5th Floor Conference Room

Attendance:

Committee Members: Mike Mooney, Larry W. Cope, Bill Flory, Doug Gross, Larry Jeffries, Randy Nelson, Con Paulos, Mark Ricks

Committee Members Absent: Art Brown, Tom Nicholson

State Staff: Brian Whitlock, Dewey Hammond, John McAllister, Rogelio Valdez, Dan John, Mike Ferguson, Maria Barratt.

Others: JD Williams, Chuck Winder, Representative Jim Clark, Senator Wendy Jacquet, Senator Hal Bunderson, Roger Madsen (ID Dept of Labor), Chuck Oxley (Associated Press), Greg Hahn (Idaho Statesman), and Mike Southcombe,

Decisions/Recommendations:

The following short-term recommendations were approved by the committee:

1. Implement an estimated tax payment system for the State of Idaho Individual Income Tax. (Motion by Jeffries, Second by Gross, Passed Unanimously.)
2. Increase the number of tax personnel at the Idaho State Tax Commission primarily to focus on non-filer and compliance recovery. (Motion by Paulos, Second by Flory, Passed Unanimously.)
3. Modify the Investment Tax Credit to make it transferable to other taxpayers from the taxpayer earning the original credit. This transfer provision would only be applicable to credits earned after the date of enactment. (Motion by Jeffries, Second by Flory, Passed Unanimously.)

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

4. Support the effort of the Streamlined Sales Tax Project to collect tax on remote sales by simplifying and modernizing sales/use tax administration. (Motion by Paulos, Second by Flory, Passed Unanimously.)

Discussions/Rationale for Decisions Recommendations:

The meeting began with a presentation by Senator Hal Bunderson who presented 14 recommendations and accompanying documentation.

Senator Bunderson's presentation is located at

<http://www.idaho2020taskforce.org/revenue>.

Senator Bunderson's cover letter and list of recommendations is located at

<http://www.idaho2020taskforce.org/revenue/bunderson/letter.pdf>.

Issues discussed:

1. Collecting sales/use tax on Internet or other remote sales is a federal question because it deals with interstate commerce. Short-term prospects for this are not good because it will require an act of Congress. Use tax is due on items purchased over the Internet, but it is difficult to find the purchasers of such items in order to enforce their payment of the tax.
2. Duplication of services used by State agencies and government generally should be studied.
3. Senator Bunderson was asked about the political chances for eliminating sales tax exemptions. His answer was that it might be possible but would require a lot of deliberation and study.
4. Senator Bunderson was also asked about the political possibility of increasing the sales tax rate. His answer was that would be a very hard sell. It is highly unlikely that such a recommendation would be implemented. Agencies do not do a good job prioritizing their programs. As a result, the public and the Legislature have difficulty seeing how additional taxes will go to worthwhile endeavors.
5. Senator Bunderson indicated that prioritizing programs should also be done in preference to across the board holdbacks. Across the board holdbacks are a bad idea. He indicated that zero-based budgeting is a popular but not particularly practical answer to rooting out waste in government.
6. Senator Bunderson was asked how he would adjust things to deal with the shortfall? His answer was one overriding criteria—measure everything from an equity standpoint. Increasing the sales tax is not entirely equitable. Everyone needs to pay their fair share. If we allow some taxpayers to not pay their fair share, it is difficult to justify tax increases to people already paying more than their fair share. Review of sales tax exemptions should be deliberate and systematic and cannot be done overnight. This is most likely a long-term project.
7. In education, consolidation of administrative functions is probably the only politically practical approach to district consolidation. Senator Bunderson stated that he was provided cost savings on superintendent salaries if school districts were consolidated and limited to one district per county. The total annual savings on this would be approximately \$4.5 million. He also mentioned that the State reimburses 85% of every transportation dollar spent by each school district. Some districts are very efficient with very low cost while others are very

- expensive. There is little incentive for the districts to keep costs down since the State pays 85% of whatever cost they experience. State contracts and pooled purchasing could help school districts save money on transportation. Generally, school districts will object to consolidation, particularly if it impacts employment.
8. Senator Bunderson indicated that ultra high speed broadband was needed in Idaho for economic development. He was asked if the Broadband Equipment Tax Credit was adequate? His answer was that it was not. However, he cited Syringa Networks as an excellent example of how effective the credit can be.
 9. Senator Bunderson was asked about the possibilities of increasing income taxes. Income tax rates were reduced in the past in order to make Idaho more comparable with surrounding States. Increasing rates is reversing that effort and will have a negative impact.
 10. Senator Bunderson was asked about the possibilities for a surtax on sales tax or on some other tax until revenues recover? In order to do that you need to satisfy the public that everyone is paying their fair share. Also, mistrust that the surtax will become permanent will create a lot of opposition to it. Representative Clark indicated that a surtax just delays facing the problem to the out years. The State will spend what it takes in.
 11. Senator Bunderson stated that the state should explore purchasing facilities instead of leasing in order to save money. He indicated that in some leases the state has paid the purchase price 2.7 times.
 12. Senator Bunderson stated that we have 289 highway districts in Idaho. If we were to consolidate some of these districts, we could reduce overhead costs and thus get more highway construction done, improving chances for economic development throughout the State.
 13. Idaho not likely to experience economic growth quickly enough to eliminate the projected deficit. Surplus created because the State underestimated revenue and because of capital gains from the stock market due to the speculative stock market bubble in the late 1990's.
 14. Chuck Winder: One time or short term increase would be combined by some sort of spending constraint—both done over time.
 15. Representative Jim Clark: Delay JFAC action until February revenue numbers are received in March. There is a potential for a \$35 million surplus if current growth rates continue at 7%. Expenditures should not increase more than 3.5% in order to cover projected deficit.
 16. Mike Ferguson was asked if we could grow out of this deficit situation. He stated that economic indicators are not positive. We should not use first quarter FY 2002 State revenue experience as an indicator of what will happen during the remainder of the fiscal year.
 17. Con Paulos stated that adding tax now might adversely impact economic recovery. Are all the one time or rainy day funds completely consumed? Representative Clark thinks that there is \$120 million more possible. Mike Ferguson stated that we have used one-time money extensively, and there is not much left. Downside risks on State revenue forecasts are not trivial, and should be kept in mind before consuming remainder of one-time funds. Ferguson stands by his earlier revenue forecasts for 2003.

18. Con Paulos stated that we should not raise taxes but could broaden the base. He suggested that the Committee determine what broad-based short-term recommendations the committee could agree upon.
19. Larry Jeffries made a presentation on making the Investment Tax Credit transferable. Credits could then be sold to someone who has income/taxes against which the credit can be applied. Credit results from a capital investment that is subject to property tax. Last year the Broadband Equipment Tax Credit which has a transfer provision was taken on property that added \$235,000 to property tax revenues. Making the ITC transferable makes the ITC a more effective economic development tool. The committee agreed that this would make a good recommendation to the Governor.
20. Bill Flory stated that he has asked business if the ITC was an important factor in their business decisions? The answer was generally no. Are there other incentives that could have more impact? If the ITC was made transferable, we should make trading of the credit tax free to further improve its impact. We should also target the credit to specific economic development situations. He recommends a thorough study of the tax credit issue.
21. Mike Ferguson stated that it was difficult to determine the real impact of the ITC. Some investment will take place with or without the ITC. By narrowing focus (targeting) you usually get better results. Making the ITC transferable also should improve results. Nevertheless the actual benefit of the ITC is impossible to quantify.
22. Con Paulos stated that Syringa Networks occurred largely because of the Broadband Equipment Tax Credit transferability. This credit has only a one year life span. Renewal of the credit would be a good recommendation for the committee.
23. Larry Cope asked if we should redirect the ITC to the Department of Commerce for economic development.
24. Con Paulos stated that development grants to local communities can have a major impact in rural Idaho. Department of Commerce does not have a large enough budget to provide adequate incentives for economic development.
25. Bill Flory asked what surrounding States are doing with tax incentives. Dewey Hammond passed out a matrix showing what surrounding States are doing. That handout is available at <http://www.idaho2020taskforce.org/revenue> under Tax Commission information. Larry Jeffries asked if credits in the surrounding States have transferability, and Dewey Hammond's answer was no.
26. Mike Ferguson stated that in addition to tax credits, probably the most effective economic development tool the State has is the Workforce Development Training Fund. The primary reason that Dell built their call center in Idaho was the funding provided by the Workforce Development Training Fund. That call center currently employs over 1,000 people in Magic Valley.
27. Randy Nelson stated that any tax changes need to be done carefully because Idaho is surrounded by States without income taxes or sales taxes. Idaho gets too out of balance on either tax, and border businesses suffer. Mike Ferguson stated that in spite of this, Idaho has experienced significant economic development. Randy

Nelson followed up that much of that development is the result of Idaho's tax system being predictable and stable.

28. Larry Jeffries suggested that the Committee endorse the creation of an estimated tax payment system for Idaho Individual Income Taxes. This mechanism would be implemented for FY 2004 and be modeled after the federal estimated tax system. This estimated tax payment could be used by taxpayers to reduce their federal taxes and makes more equitable the treatment of wage and non-wage income. Wage earners currently have taxes withheld from earnings during the tax year while non-wage earners do not pay tax until the year following the tax year.

Robert Huntley then made a presentation to the Committee. His cover letter and reference materials for this presentation are available at <http://www.idaho2020taskforce.org/revenue>.

The Committee then discussed and approved 4 recommendations shown at the beginning of this summary under Decisions/Recommendations.

Assignments:/

(Include responsible person and completion date.)

1. Dewey Hammond to report on the tax implications of the State purchasing M-K plaza.

Questions/Requests for Information:

(If assigned to non-IDOL, include responsible person and completion date.)

None.

Next:

Next meeting will be a conference call on November 19 at 9:00 AM. The website at <http://www.idaho2020taskforce.org/revenue> contains reference materials for the conference call and reference materials from previous meetings.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – November 19, 2002

Meeting Location – Conference Call & 4th Floor Conference Room, 317 W Main, Boise

Attendance:

Committee Members – Art Brown, Larry Cope, Bill Flory, Doug Gross, Larry Jeffries, Mike Mooney, Randy Nelson, Tom Nicholson, Con Paulos, Mark Ricks

Committee Members Absent – None

State Staff – DFM: Mike Ferguson, Derek Santos, Maria Barratt; Tax Commission: Dewey Hammond, Dan John; Department of Labor: Roger Madsen, John McAllister, Rogelio Valdez

Others: None

Decisions/Recommendations:

1. Modified the Estimated Quarterly Tax Payment recommendation approved in the November 14 meeting. The Committee added \$500 as the minimum tax liability required for estimated tax payments and added the requirement that either 100% of the prior year or 90% of the current year taxes must be paid to the State. (Motion made by Mr. Ricks, Second by Mr. Jeffries, Passed Unanimously.)
2. Modified the Investment Tax Credit recommendation approved in the November 14 meeting. The Committee added the restriction that tax credits can only be transferred to another taxpayer once. (Motion made by Mr. Cope, Second by Mr. Nelson, Passed Unanimously.)

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

Discussion/Rationale (Number the same as above):

Mike Mooney started the meeting by stating that the draft recommendations generally represent ideas offered by Senator Hal Bunderson, and Robert Huntley. The conference call agenda would be to continue the review of these recommendations.

Dewey Hammond stated that the cost of making the Investment Tax Credit transferable would be approximately \$8 million. However, the Tax Commission is working to refine the numbers further. He indicated that he would report at the next conference call on this refinement. Most of this \$8 million cost would occur in the first year.

Dewey suggested and the committee adopted the provision that the ITC could only be transferred one time. The State Tax Commission is asking the legislature to do the same with the Broadband tax credit. Multiple transfers create tracking problems.

Dan John commented on the recommendation for quarterly income tax payments. He recommended that \$500 be set as the minimum limit for quarterly payments and that taxpayers be required to pay 100% of previous year's tax or 90% of current year's tax in order to avoid penalties. He also stated that after further analysis the estimate of \$80 million in additional revenue still looks like a reasonable estimate.

Mike Mooney and Larry Cope described a discussion they had with Brian Whitlock concerning how they should structure their presentation in December. Brian suggested that the Committee's recommendations be structured to accommodate various levels of revenue shortfalls. Larry felt that the Revenue Committee generally would oppose any tax increase. If the shortfall is \$100 million, the combination of estimated tax payments (estimated \$80 million revenue increase) and reductions in government spending could cover the deficit. If the revenue shortfall was greater than \$100 million, additional spending reductions or government operating efficiencies need to be found, and tax increases in such areas as beer, wine and tobacco taxes may be necessary. Larry indicated that he could support something like a sales tax surcharge which had a specific sunset provision. Sales taxes on services would be difficult to implement and would not be a good short term recommendation. This is particularly true if the economy recovers in the next year or so, and the shortfall moderates or disappears. Eliminating sales tax exemptions should be a long term project resulting from careful study of each exemption. However, the possibility of eliminating exemptions and lowering the overall sales tax rate is attractive.

Art Brown stated that he felt the economic recovery everyone is hoping for may be as much as two years away.

Con Paulos stated that he could support broadening the sales tax and lowering the rate. Just raising the current sales tax rate is not fair. Early retirement for government employees should be encouraged, but we need to get an estimate of the cost from PERSI and compare it to the savings from the vacant positions created. (Of course the underlying question is whether vacated positions can stay vacant. There will be situations where filling the vacated positions may prove unavoidable.)

Mike asked if we wanted to revisit the tribal issue on State revenues. Generally, Committee members want to consult the Governor's Office about language that might be included in a recommendation. Concern was expressed about avoiding any language which might complicate ongoing negotiations or general relations with the Tribes. In addition, the tone of the recommendation should be that the State work cooperatively with the Tribes to address revenue issues and to do what is best for everyone in Idaho.

Mike Ferguson stated that beer taxes current raise about \$4 million each year, but that only half of that goes to the General Fund. Current beer tax rate is \$.15 per gallon. Doubling the rate would only be to \$.30 per gallon. Wine tax brings in about \$2 million. Wine tax is \$.45 per gallon. Con Paulos wondered if a standard Wine/beer/liquor tax made sense, such as doubling it to a flat \$.90 for both beer and wine. Bill Flory suggested that the tax should be a percentage of price as opposed to volume tax. Ferguson stated that the liquor surcharge is 15% of price. This percentage could be used on everything. Larry Jeffries asked Mike Ferguson if there was any way that any increase in beer/wine taxes could go entirely to the General Fund. Mike answered that the Legislature would need to change the distribution formula. Randy Nelson stated that most states tax beer and wine on a per gallon basis. Median tax for beer is 18 cents while Idaho's tax is 15 cents. The median tax for wine is 60 cents, while Idaho's tax is 45 cents. Dan John indicated that taxing beer and wine on price as opposed to volume makes the tax collection process much more complicated.

Increases in tobacco/cigarette taxes was mentioned. Dewey Hammond stated that a 10 cent per pack increase would add \$8.5 million to revenues but that not all of it goes to the General Fund. Idaho's current tax on cigarettes is 28 cents per pack. Of that 28 cents, 5 cents goes to public schools, 5 cents goes to county juvenile probation, and of the remaining 18 cents, 43% goes to the Permanent Building Fund, 1% to central tumor registry, 2.5% to cancer control fund, and the balance to the general fund. Increases in liquor surtax will not increase revenues to the General Fund because of the distribution formula. The State General Fund is given a flat amount from the liquor surtax regardless of the total.

One problem with raising the taxes on beer, wine and cigarettes is that it will accentuate the problem of the Tribes not collecting taxes on sales to non-tribal members. Increasing taxes on beer, wine and cigarettes will likely drive more business to the tribes.

Bill Flory asked how long would an increase in beer, wine or cigarette taxes take to implement. Dan John indicated that just changing rates could be done quickly. Changing taxing methods such as moving from a volume tax to a percentage of price tax on beer and wine is a major change that would take a lot of time and effort for the State as well as taxpayers. Larry Jeffries stated that we need to focus attention on the distribution formulas in order to make any increase have the intended impact on General Fund revenues.

Bill Flory would like the Committee to consider a long-term recommendation of asking for sunset clauses on all sales tax exemptions. These sunset provisions would necessitate a public review of all exemptions before they could be reenacted.

Con Paulos suggested that each Committee member look at each sales tax exemption, and determine which exemptions they would eliminate.

Dewey Hammond was asked how hard it would be to tax services. He responded that it is largely an educational issue. It takes time for taxpayers to become familiar with new taxes and new tax reporting mechanisms. It gets down to how many people are in each exemption area. If the number of taxpayers affected is small, it will be a lot easier to implement than if the number of affected taxpayers is large. Nevertheless, it will be difficult to remove exemptions quickly.

Randy Nelson described a telephone survey of voters by the Idaho tax Foundation. The survey is intended to ask voters their opinions on how to cope with tax revenue shortfalls and with government spending. Questions include have spending cuts been sufficient; if not where would you cut; if taxes must increase, which tax would you increase, etc. Results should be available in early December.

Questions/Requests for Information:

(Include responsible person and completion date.)

1. John McAllister to contact PERSI for cost estimates on early retirement.
2. Dewey Hammond to contact Senator Bunderson to ascertain the details of the MK Plaza purchase including the impact on property taxes.
3. Dewey Hammond and Dan John to compile a summary of the beer, wine and tobacco taxes. This summary will include the impact of various changes in those taxes.

Assignments:

(Include responsible person and completion date.)

1. Committee members are to review the draft recommendations for discussion in the next meeting. Approved recommendations are available at <http://www.idaho2020taskforce.org/revenue>. Suggestions on recommendations should be communicated to John McAllister via email at jmcallis@jobservice.us.
2. John McAllister will ensure that all suggestions are copied to all committee members. Suggestions on *Advantages*, *Disadvantages*, *Risks*, *Obstacles* and *Alternatives* on each recommendation are particularly encouraged.
3. Randy Nelson will prepare a proposal for increasing beer, wine and tobacco taxes while carefully avoiding getting too far out of balance with other States—most notably States bordering on Idaho.

Next Meeting:

The next meeting will be held on November 26, 2002, by telephone conference call.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Governors Task Force
Revenue Committee
November 26, 2002, Conference Call

AGENDA

FOR REVIEW AND DISCUSSION:

- 1) Minutes from previous meeting
- 2) Remaining Draft Recommendations
- 3) Budget Shortfall Scenarios
(Available at <http://www.idaho2020taskforce.org/revenue>)
- 4) Guiding Principles
(Available at <http://www.idaho2020taskforce.org/revenue>)
- 5) Progress Report to Full Task Force

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – November 26, 2002

Meeting Location – Conference Call & 4th Floor Conference Room, 317 W Main, Boise

Attendance:

Committee Members – Doug Gross, Larry Jeffries, Mike Mooney, Randy Nelson, Con Paulos, Mark Ricks

Committee Members Absent – Art Brown, Larry Cope, Bill Flory, Tom Nicholson

State Staff – DFM: Mike Ferguson; Tax Commission: Dewey Hammond, Dan John; Department of Labor: Roger Madsen, John McAllister, Rogelio Valdez

Others: Idaho Statesman: Wayne Hoffman

Decisions/Recommendations:

1. Minutes from the November 14 and 19 meetings approved. (Motion made by Doug Gross, Second by Mark Ricks, passed unanimously.)
2. Approved a recommendation to increase the cigarette tax by twenty cents per pack from \$.28 to \$.48 with the increase directed to the State General Fund. (Motion made by Doug Gross, Second by Mark Ricks, passed unanimously.)
3. Recommendations referred by the Government Organization and Structure Committee:
 - #50: The Revenue Key Committee of the Idaho 2020 Blue Ribbon Task Force should discuss and consider recommending a “sun set provision” for all tax

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

exemptions. Response: The Revenue Committee will be recommending a thorough study of tax exemptions and believes such a study should precede any legislative action.

- #51: The Revenue Key Committee of the Idaho 2020 Blue Ribbon Task Force should study and consider recommending an amnesty program which would allow taxpayers entering the program to pay taxes in arrears while avoiding penalties and interest. Response: A tax amnesty program would require at least \$500,000 for advertising and other publicity and would also require an enhanced enforcement program afterward. The Revenue Committee believes that other measures such as increasing State Tax Commission staff have a greater chance of success.
- #52: The Revenue Key Committee of the Idaho 2020 Blue Ribbon Task Force should study and consider the initiatives proposed by Co-Chairman, J.D. Williams, regarding: Accounts Receivable Offset; Better Reporting Solutions; Activity-Based Costing; and Agency-Based Accounting Systems. Response: The Revenue Committee adopted a recommendation to create an Accounts Receivable Offset program. The other items do not seem to be within the purview of the Revenue Committee.
- #54: Outsource some audit activities for the Tax Commission. Response: Major issues like guarantees of confidentiality of information would need to be addressed before this suggestion could be implemented. This includes complying with strict IRS confidentiality rules because many audits involve use of data acquired from the IRS. This recommendation would need a lot of study and planning prior to implementation, and the Revenue Committee is not convinced that it will actually reduce costs.
- #58: Devote additional employees and resources to the Idaho State Tax Commission. Response: This is Recommendation #2 from the Revenue Committee.

4. Recommendations referred by the Public Safety, Transportation and Natural Resources Committee.


- The only recommendation that falls within the purview of the Revenue Committee calls for biennial agency budgets, and the Revenue Committee believes that annual budgets are preferable. All other recommendations appear more appropriately assignable to the Government Organization and Structure Committee.

Discussion/Rationale (Number the same as above):

Mike Mooney stated that he had worked with Randy Nelson to come up with a proposal to increase Idaho's cigarette tax to the US median. Larry Jefferies asked if the distribution formula would cause part of that increase to be diverted from the General Fund. Mike Mooney answered that the draft recommendation and estimated revenues were based on actual revenues to the General Fund. Mike Ferguson suggested that the Committee consider changing the distribution formula and not increase the shares for the

non-General Fund participants. Dan John stated that cities and counties would not get any increase in their distribution as a result of this tax increase. 100% of this cigarette tax change would go to the State General Fund. Mike Mooney asked the Committee what its position would be on this increase with 100% of it going to the State General Fund. Con Paulos stated that cigarettes do more damage and need to have a greater increase than beer and wine, and that the State needs to get the full amount from any increases. Mike Mooney added that there is more room for increases in cigarette taxes than in beer and wine taxes when compared to surrounding states. Dewey Hammond indicated that each 10 cent increase in the cigarette tax brings in \$7.8 million. Doug Gross made a motion in support of a recommendation for a cigarette tax increase with all of the increase going to the State General Fund. Beer and Wine taxes were left unchanged. Randy Nelson stated that this increase appears equitable.

The Committee discussed the Budget Shortfall Scenario worksheet for use in the Committee's December 3 presentation of recommendations. The following is the final Budget Shortfall Scenario worksheet:



Revenue Committee

Budget Shortfall Scenarios

November 26, 2002

Budget Shortfall Variations

(In Millions of Dollars)

Recommendation	(\$100)	(\$150)	(\$200)
1. Estimated Tax Payment	\$80.0	\$80.0	\$80.0
2. Additional Tax Personnel	\$7.2	\$7.2	\$7.2
3. ITC Transferability	-\$8.0	-\$8.0	-\$8.0
4. Increase Cigarette Taxes	\$15.6	\$15.6	\$15.6
6. Accounts Receivable Offset	\$0.2	\$0.2	\$0.2
Budget Reductions/Holdbacks/			
Sales Tax Increase/Reduction in			
Sales Tax Exemptions	(\$5.1)	(\$55.1)	(\$105.1)

Larry Jeffries asked whether property taxes should be included. Randy Nelson stated that he was not sure if including property tax would help in the short term. Mike Mooney added that property tax as a percentage of total taxes had increased over the past few years. Larry Jeffries asked if any of the tax exemptions were tied to the Property tax. Mike Ferguson replied that the State does not levy property taxes, and that he was not aware of any linkage between property and sales taxes.

The Revenue Committee approved the Guiding Principles as shown below:

Revenue Committee Guiding Principles

- A. The State of Idaho should continue to budget annually.
- B. Idaho's short and long term economic health relies on a business-friendly climate that encourages job creation.
- C. Idaho enjoys the highest possible credit rating giving us low cost flexibility for financing alternatives. This advantage must be preserved.
- D. Idaho is recognized for its well balanced tax structure. This advantage must be preserved to achieve the long term goals of a strong business climate, the retention and growth of current business, and the attraction of new jobs. Idaho has historically provided local property tax relief and absorbed public school funding by shifting more and more of those costs to the state. Today's weaker state income and sales taxes collections are resulting in state revenue shortfalls while the property tax continues to grow status quo. Keeping Idaho's property, income and sales tax system balanced will become a greater challenge, especially if the economy remains weak and local property taxes continue climbing.
- E. Idaho's economy is rapidly changing from a production to service base, and those changes require a thorough review of tax exemptions.
- F. Idaho must adequately fund economic development in the State to be competitive with neighboring States.
- G. Business practices at the State level must involve a continuous improvement system to ensure that inefficient or ineffective practices are discontinued or corrected.
- H. Education is a key element in Idaho's economic development focus.
- I. The Idaho Legislature will benefit from the Moore Study now being completed for the Idaho Tax Foundation, a sister organization of the Associated Taxpayers of Idaho.
- J. Idaho State government needs to do a better job of harnessing its most valuable asset—State employees.

These guiding principles were used by the Revenue Committee to evaluate the approved recommendations, and will also be used to evaluate any future recommendations.

The Committee then reviewed the recommendations referred from other Key Committees of the 2020 Blue Ribbon Task Force. The results of that review are shown in the Decisions/Recommendations section.

Mike Mooney ended the meeting with a short discussion of how he intends to report for the Committee on December 3. He will use the Guiding Principles to lead into the recommendations approved by the Revenue Committee and use the Budget Shortfall Scenario worksheet to summarize the impact of the recommendations. Mike will also have a list of discussion topics and potential longer term recommendations.

Questions/Requests for Information:

(Include responsible person and completion date.)

None.

Assignments:

(Include responsible person and completion date.)

1. Randy Nelson and Mike Mooney will provide additional items for the Revenue Committee's guiding principles.
2. Dewey Hammond will draft a recommendation on creating an Accounts Receivable Offset program.
3. John McAllister will complete the Recommendations, Guiding Principles and the Budget Shortfall Scenario worksheet and submit them for inclusion in the Task Force report.

Next Meeting:

Not yet scheduled. The full Idaho 2020 Task Force meeting on December 3 is the next event on the calendar.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee

January 7, 2003

AGENDA

1. Presentation by Representative Trail
2. Review and Finalize Immediate Recommendations
(Available at <http://www.idaho2020taskforce.org/revenue>)
3. Discussion of Public Safety, Transportation, and Natural Resource Committee Request for Beer and Wine Tax Increase to Fund Alcohol Abuse Prevention and Treatment Programs
4. Discussion of Interim and Long-Term Recommendations
5. Next Meeting Dates, Times, and Locations

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – January 7, 2003

Meeting Location – Joe R. Williams Building, 5th Floor Controller's Conference Room

Attendance:

Committee Members – Larry Cope, Bill Flory, Doug Gross, Mike Mooney, Randy Nelson, Tom Nicholson, Con Paulos, Mark Ricks

Committee Members Absent – Art Brown, Larry Jeffries

State Staff – Governor's Office: Megan Reinschmidt; DFM: Mike Ferguson, Maria Barratt; Tax Commission: Dewey Hammond, Dan John; Department of Labor: John McAllister, Rogelio Valdez; Department of Commerce: John Glerum

Others: Task Force Co-Chair: JD Williams; Legislature: Representative Tom Trail, Representative Allen Andersen

Decisions/Recommendations:

1. Approved the following recommendation:

Increase sales tax rate by 1%, effective June 1, 2003, and sunset this increase 3 years from the date of enactment. Distribution formula should be modified so that all increased revenues accrue to the State's General Fund. Legislature should appoint an interim committee to study all sales tax exemptions and untaxed services during this three year period with the intent of lowering the overall sales tax rate by broadening the base against which the tax is applied. The State should continue to pursue efficiencies in order to reduce expenditures. Motion made by Con Paulos and seconded by Bill Flory. Recommendation approved unanimously.

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

Discussion/Rationale (Number the same as above):

Representatives Trail and Anderson Presentation:

Proposal offered by Representatives Trail and Andersen is available at <http://www.idaho2020taskforce.org/revenue/trail.pdf>. Basically the proposal involves revoking specific income tax credits and sales tax exemptions to cover the State's projected deficit while also lowering the overall sales tax rate.

First, Idahoans expect Governor and Legislature to be statesmen, and to provide adequate government infrastructure for the future. Appropriations for education need to be adequate. No one wants to raise taxes. However, more exemptions for specific groups mean higher taxes for everyone else. In order to keep rates low, the State must spread the burden as broadly as possible. Sales tax exemptions totaled 17 in 65. There are 72 exemptions now. This increase in exemptions makes the 5% sales tax rate necessary. Eliminate some exemptions and the overall sales tax rate can be reduced. Projected State deficit for Fiscal Year 2004 is probably over \$200 million. New revenue sources or sharp cuts will be required. Exemptions need to be reviewed periodically. The proposal calls for review every three years. The Proposal would accomplish the following:

- Reduce sales tax from 5 to 4%.
- Remove some sales tax and income tax exemptions – \$131 million total.
- Impose quarterly estimated tax payments -- \$80 million.
- Increase cigarette tax and return half of the increase to millennium fund after two years.

Unless we adequately fund education, economic development efforts will be hampered. Demands on the education system and on educators requires more resources for education.

Mooney: Why eliminate the Investment Tax Credit (ITC)?

Trail: ITC is not large enough to make a significant difference for most businesses.

Paulos: I agree with lowering sales tax rate. Taxing trade-in on automobiles is double taxation, making it more difficult for car buyers. Sales tax on car repairs makes more sense. Tourists and others passing through Idaho would contribute to tax revenues if repairs were taxed.

Trail: Would like the Legislature to appoint an Interim Committee to study sales tax exemptions.

Flory: Has anyone explored the elimination of exemptions with the increased revenues targeted to specific uses such as education?

Trail/Andersen: Such an approach would be a possibility.

Ricks: Such targeting is very difficult for the Legislature to manage. He would not support such an effort.

Trail: The three year review of each exemption would ensure that each exemption actually benefits the State.

Glerum: The Investment Tax Credit, Broadband credit, and the Research and Development Credit are primary attractions for business coming to Idaho. Why would we eliminate them?

Trail: Education quality is even more important than those credits for attracting business.

Glerum: We need to examine all the credits.

Trail: I agree.

Nelson: Was your proposal coordinated with the tax commission?

Trail: No

Nelson: The cost of implementing your proposal appears low.

Trail: It could be understated. We need to calculate a reasonable cost.

Andersen: We are hoping to begin the dialogue on meeting the States financial challenges.

Trail: We want to start a debate to improve economic policies of the State.

Winder: Another committee is talking about making education more efficient. What is your opinion on that?

Trail: Decreasing Faculty/Student ratios will have a negative impact on quality of instruction.

Anderson: Across the board cuts has had a serious negative impact on universities. ISU is likely to lose its accreditation in its School of Engineering as a result of cuts. Reductions should be more organized and not across the board.

Trail: The University of Idaho has amassed scientific prowess that attracts grants – some \$80 million. Recent cuts have motivated some of the best people to leave as a result of the uncertain environment at the university.

Anderson: Reduced funding for universities has an immediate negative impact on economic development. K-12 faces federal challenges—no child left behind program. Traditional structure of K-12 needs to change in order to accommodate greater demands including technology and technology support. Unfunded State and Federal mandates make the local property tax impact greater. Consolidation of school districts is not popular locally.

Trail: A single County Superintendent was once a fact, and could help to reduce costs.

Ricks: By what amount would you increase cigarette taxes?

Trail: Our proposal increases cigarette taxes by \$.50 per pack. After 2 years, 50% of the additional revenues would go to the millennium fund.

Cope: Economic Development is important for this committee. Idaho's economy has changed since sales tax was created. Whatever change is made to sales tax is hopefully in tune with the current economy. School district consolidation needs to be examined. We need to be careful in order to keep Idaho's economic environment business-friendly. What happens with this proposal when the economy improves? How do we resolve the immediate problem and what is the long term strategy?

Anderson: Proposal deals with short term problem and allows for a long term plan. It provides a more equitable process for the long term.

Cope: Can your proposal be adopted in this session?

Anderson: Yes

Trail: We hope to get a fair hearing, to get it introduced, to get a debate. Adoption is a long shot. We are hoping for a compromise short term solution that supports education.

Mooney: Dewey, Are the numbers in the proposal reasonable.

Hammond: The numbers appear reasonable.

Mooney: Mike, do you have any input.

Ferguson: There is a fair amount of uncertainty on revenues that would be raised by various changes. Estimates need to be conservative.

Nicholson: The beneficiaries of each exemption are going to protest loudly. Recent cuts in higher education budgets have had a very severe impact on the University of Idaho. We need to look at the sales tax to stop this damage. We need to look at a sales tax increase. Explain it properly and put a sunset clause on the increase so that it returns to 5% when the economy improves.

Paulos: We have never gotten a tax increase rolled back.

Nicholson: We did get one rolled back in the 80's. We need to increase the sales tax. Keep the increase as low as possible with a sunset provision.

Trail: You have no objection to periodic reviews of exemptions.

Nicholson: No. It is a good idea.

Paulos: \$160 million shortfall is not that large. We would be better served with no dedicated funds, giving the Legislature the power to allocate funds where necessary.

Ferguson: Definite limits on doing this—constitutional limits, federal funds, etc. This will not happen. There are some possibilities, but not many. It will not be enough to cover the problem.

Mooney: We need a growing economy. Removing incentives for investment is not a good idea.

Trail: You have no objection to periodic reviews of exemptions.

Mooney: No.

Ricks: What does 1 penny of sales tax raise?

John: It would raise \$160 million with \$20 million going to local government.

Trail: If the Federal government removes taxation of dividends, what would that cost the state?

Hammond: If dividends were completely exempted from taxation, it would cost the State \$18 million.

Flory: We need to maintain as much conformity as possible with federal taxes. Each departure from federal income tax definition, procedures, etc. adds a burden for business and for taxpayers generally.

Mooney: Review and finalizing of immediate recommendations by the Revenue Committee is already done. What is the State's current financial status?

Ferguson: We are experiencing a great deal of uncertainty in determining where the economy is going. Revenue forecast in August resulted in the \$160 million shortfall. January economic forecast indicates that the forecasted deficit has worsened. Excess revenues have accrued since the beginning of the fiscal year, but monitoring and comparison to historical patterns shows that the excess will not continue. There should be a modest recovery in employment growth for the year. Recovery of revenues will likely take some time. Even after that revenue recovery, funds need to be used to restore funds like building repair funds.

Hammond: Does this committee have any supplemental recommendations?

Cope: Recommendation could be to look toward an increase in sales tax with a sunset and return to 5% when economy recovers while studying the sales tax and exemptions.

Gross: Should we look at income tax?

Ferguson: Income tax changes would not help with FY 2004, and that is the problem year. A sales tax rate increase will produce additional revenues much faster. Quarterly tax estimated payments is a short term solution and can make long term problems worse because it just delays addressing the real problem for a year.

Paulos: We should recommend a 1% sales tax increase for the next 2 to 3 years and study and adjust the sales tax structure during that period.

Ferguson: If you feel that we need a quick fix, it should be sunsetted. Tie the quick fix to the long term solution—put a sunset on all exemptions at five years or so down the road. Each exemption would then need action by the Legislature to be reinstated.

Flory: In any case we need to stop the brain drain and erosion of Idaho's higher education.

Paulos: Motion to increase the sales tax by 1% with exemptions studied over the next three years. 1% increase would be repealed at the end of three years. The motion seconded by Flory.

Nicholson: Is not sure if 1% is enough.

Hammond: 1% would raise \$160 million.

Ferguson: We would need to implement the increase June 1 in order to have a full years impact in FY 2004.

Mooney: Tom, you think we need more?

Nicholson: I favor a 1.25% increase instead of just 1%. How strong does the State want to be when this is all over? In order to come out of this recession strong, a 1.25% increase makes more sense. Coming out half crippled is not something I would support.

Gross: Sales tax is so regressive. Shouldn't we look at the income tax.

Flory: Did not like the press coverage on the Committee's ITC recommendation. Making the increase 1.25% might put more pressure on reviewing exemptions.

Nicholson: Amended motion to a 1.25% sales tax increase

Nelson: A sunset on this sales tax increase is important.

Paulos: I oppose the 1.25% because using 1% keeps more pressure on Legislature to review tax structure. They need to be short of funds or pressure will be off to do anything.

Cope: What is our total increase in revenues--\$240 million?

Mooney: The total is \$260 million. Are we recommending that exemptions go away at the end of 36 months?

Nelson: I have a problem with exemptions going away. There will be a higher tax burden if exemptions go away. We need to watch surrounding States so that our taxes are not out of line with them. Sales tax is a regressive tax. What is the impact on economic development in Idaho?

Paulos: Legislature should form a committee to study exemptions over the next three years, not just eliminate exemptions. We need to broaden the base. Motion – 1% increase for 36 months with all exemptions being studied with the intention of lowering the overall rate of the sales tax by broadening the base against which the tax is applied. Motion seconded by Flory.

Motion passed unanimously.

Flory: Need to craft language carefully on this recommendation.

AFTERNOON SESSION:

Mooney: Where do we go from here?

Flory: Work on intermediate recommendations by structuring further action on exemptions.

Mooney: How do we do that?

Gross: How do we gather information?

Flory: What will the Legislature do with this?

Ricks: We need to do what we need to do.

Williams: You can give the Legislature cover. Maybe it is time to look at specific taxes.

Ferguson: Look at creating a broad guideline or standard for looking at exemptions instead of just looking at specific items.

Ricks: What is the cost of the agricultural production exemption?

Ferguson: The exemption totals \$58 million on equipment and another \$44 million on supplies.

Nelson: There are lots of issues on specific treatment of items if the sales tax is expanded to services.

Of course property taxes will become an issue whenever tax structures are studied. The Legislature needs to actually do the study or at least be part of the study.

Mooney: JD, where would you begin work on intermediate recommendations.

Williams: I would take a look at workforce development. I would develop guiding principles for application to the State's taxing structure. I would recommend periodic review—every five years—of all exemptions, and sunset each of them so that they must be reviewed and reinstated by the Legislative.

Mooney: We have talked a lot about all of these. What is the history of the sales tax?

Ferguson: It was 3% prior to 81, and then raised to 4%, raised to 4.5%, and dropped to 4% between 1981 and 1983. It was then raised to 5% in 1983.

Cope: When you look at the sales tax today, is it not a wise move to broaden the tax base?

Ferguson: Moving to a services-based economy is probably the major economic trend today. Because of that, the sales tax base needs to be altered because it was created in a time when the economy was much more goods-based. Tax administration gets much more complicated when taxing services.

Paulos: What have car sales added in the last year?

Ferguson: Automobile sales have added \$15 to \$20 million to tax revenues in the last year.

Paulos: Sales tax needs to be broad based.

Mooney: Is the committee willing to tackle some of these issues?

Flory: Broaden the base and we should be able to lower the rate.

Nelson: Property tax is growing. Broadening the sales tax to lower rate will have to compete with demands for property tax relief.

Ferguson: How is it that property taxes were not a major issue when ag equipment was exempted in 2000.

Nelson: Governor Batt had taken other steps to minimize property tax impact. We still have the school building issue that may impact this.

Nicholson: Have State staff provided a broad outline?

Paulos: Ask tax commission and DFM to separately compile what the perfect tax scenario would look like. Welfare should be in Labor not in the Department of Health and Welfare because it is more directly related to workforce. Government Organization and Structure Committee needs to get going on reduced spending and greater efficiency.

Ferguson: Take a look at the General Fund Revenue Book (Pages 62 & 63) for a listing of income and sales tax exemptions. Which of these should be taxed and which should not. What would be your criteria for that determination.

Mooney: General strategy would seem a good idea. Stay out of the minutia.

Cope: Committee decisions on such a strategy would be more objective and less political.

Mooney: When do we meet next?

Nelson: I will have trouble meeting while the Legislature is in session.

Gross: We do not really have interim recommendations.

Nicholson: Can not do much unless the committee has adequate support from State staff who will be diverted to Legislative support.

Flory: Interim recommendations – potential efficiencies are still there. Conceptual approach to the tax structure would stimulate discussion in the Legislature and elsewhere. Many surrounding states have severe financial problems when compared to Idaho. We need to take advantage of that circumstance to improve growth in Idaho.

Mooney: Schedule a meeting in two weeks to go over exemptions in the General Fund Revenue book.

Williams: Use the tax code to implement state policies. Example: provide a tax incentive for business/families to use the web. Build an Internet “yellow pages” at someplace like Commerce to include the businesses that used the tax incentive to build web sites. Provide incentives for families to invest in computers. Both of these will reduce the cost of government by reducing the cost of dealing with non-Internet customers. Ask Tax Commission/Dewey Hammond what such a credit/incentive might cost--\$10 per month credit for a family’s use of the Internet and a similar but larger credit for businesses.

Mooney: I will work with Larry to propose a couple of future meeting dates.



Governor
RK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
ancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
ie Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – April 3, 2003

Meeting Location – Conference Call & 4th Floor Conference Room,
317 W Main, Boise

Attendance:

Committee Members –, Mike Mooney, Randy Nelson, Con Paulos, Mark Ricks, Bill Flory, Larry Cope,

Committee Members Absent – Art Brown, Tom Nicholson Doug Gross, Larry Jeffries

State Staff – Governor's Office: Megan Reinschmidt, DFM:
Mike Ferguson; Tax Commission: Dewey Hammond; Department
of Labor: Rogelio (Roy) Valdez

Decisions/Recommendations:

Approved Revenue Committee Recommendation #8, which places a sunset provision on all sales tax exemptions requiring legislative review and action in order to be reinstated. Stagger the sunsets so that only 25% of the exemptions sunset in any one year.

Please note that the Co-Chairs (Winder and Williams) requested to start over with the numbering of the recommendations. For Friday's Full Task Force Committee meeting, this is will be the Revenue Committee #1 Intermediate Recommendation and the first seven will be referred to as the Preliminary Recommendations.

Discussion:

Mike Mooney opened the meeting.

Megan Reinschmidt from the Governor office informed the committee that the House is formulating a task force to examine all of the states

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

sales tax exemptions. In addition, the Governor has signed House Bill 92- this legislation limits non-economic damages or damages for "pain and suffering," or "emotional distress" to \$250,000.

Larry Cope stated that he felt positive of the committee's low profile and that the recommendations look good and current discussions appear to be on track with the original committee recommendations.

Randy Nelson informed the committee that he had been contacted by Speaker Newcombe's office to participate on a task force/committee to look into the state tax exemptions. Randy also mentioned that the House Tax and Revenue Committee has proposed a .5 percent sales tax increase, increase the cigarette tax to \$1.00, beer and wine tax increase to national level, and quarterly income tax payment. Dewey added that a soda pop tax might surface also. Mike Ferguson indicated whether this covered all of the budget short falls and that the Governor doesn't support one-time revenue fix such as the quarterly tax payments.

Co-Chair Mooney called for a motion to move forward with Recommendation #8 to present to the full task force on Friday. Bill Flory made the motion. Con Paulos seconded. Motion passed.

There was additional discussion from Larry Cope on mending revenue problems on a selective basis, concerned with using a series of band-aid such as applying taxes to certain products, and that tax structure should be broad based.

Mike, Con and Randy also shared with this concern. Mike reminded the committee of Guiding Principle D. which states:

"Idaho is recognized for its well balanced tax structure. This advantage must be preserved to achieve the long-term goals of a strong business climate, the retention and growth of current business, and the attraction of new jobs. Idaho has historically provided local property tax relief and absorbed public school funding by shifting more and more of those costs to the state. Today's weaker state income and sales taxes collections are resulting in state revenue shortfalls while the property tax continues to grow status quo. Keeping Idaho's property, income and sales tax system balanced will become a greater challenge, especially if the economy remains weak and local property taxes continue climbing."

Mike concluded the meeting by advising the committee of the agenda and that there is not time schedules for sub-committees to meet.

Questions/Requests for Information:

(Include responsible person and completion date.)

None.

Assignments:

(Include responsible person and completion date.)

1. Dewey Hammond will provide Bill Flory some materials relative to the Tax Commission.

Next Meeting:

Friday, April 4, 2003 with the full Idaho 2020 Task Force meeting at the J.R. Williams Bldg, 700 W. State St., Boise, ID.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

**Governors Task Force
Revenue Committee
May 27, 2003, Conference Call**

AGENDA

- 1) **Reiterate guiding principles.**
- 2) **Consolidate taxing districts.**
- 3) **Department of Commerce priorities:**
 - a. **Complete an objective SWOT (Strengths, Weaknesses, Opportunities, Threats) review of the department.**
 - b. **Retain current business in state.**
 - c. **Expand current businesses in this footprint.**
 - d. **Attract new business.**
 - e. **Determine and provide competitive funding levels.**
 - f. **International marketing focus.**
 - g. **Leverage HUD funds.**
- 4) **Tax structure-balanced for the future:**
 - a. **Reemphasis on collection of sales taxes on interstate sales.**
- 5) **Tourism SWOT on the department:**
 - a. **Focus on improving already excellent state revenue source.**

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – May 27, 2003

Meeting Location – Conference Call & 4th Floor Conference Room, 317 W Main, Boise

Attendance:

Committee Members – Larry Cope, Mike Mooney, Randy Nelson, Con Paulos, Mark Ricks, Bill Flory, Art Brown, Doug Gross,

Committee Members Absent – Tom Nicholson, Larry Jeffries

State Staff – Governor's Office: Megan Reinschmidt, DFM: Mike Ferguson and Maria Barrett; Tax Commission: Dewey Hammond and Dan Johns; Commerce Dept: Karl Tueller and Carl Wilgus; Department of Labor: John McAllister, Roger Madsen, and Rogelio (Roy) Valdez.

Discussion:

Larry Cope and Mike Mooney, committee Co-Chairs opened the meeting @ 9:04 am

Mike Mooney requested to add to the agenda an update on Idaho's economic situation from DFM

Mike Ferguson – DFM recently published a new economic forecast. In early December we had a negative .3% non-farm employment growth rate which we adjusted in mid February to negative .7. In late 2002 there seemed to be an upward trend in employment. In the first 3 months of 2003 the trend is going downward (new lows in terms of employment) with the Micron layoffs, Jabil closing and Zilog closure all contributing.

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

In regards to the revenue situation, Mike reported that the individual income tax collections for the month of April were very disappointing. April was down \$21 million from estimates, creating a \$38 million shortfall. He anticipates that the months of May and June may break even with forecasts, but that August will probably be down by a large amount. Fiscal Year 2004 is “fiscally ugly”.

The federal tax cuts should help but there is tremendous uncertainty concerning the amounts to be provided to the state (\$50-\$85 million) and how the funds can be used.

Larry Cope asked about the impact of the weakening dollar.

Mike Ferguson indicated that this may hold inflation at bay and help in terms of global markets finding American goods more attractively priced. The weaker dollar should thus be a good thing for the American economy.

Randy Nelson asked when would Idaho see the \$85 million resulting from the federal tax cuts. Would we get it prior to the end of the fiscal year? Mike Ferguson answered that it would run consistent with the federal fiscal year. We would likely get the funds before October 1, but not before July 1.

Con Paulos: How many unemployed people will comprise a 1% increase in the UI rate?

Bill Flory: Are sales tax revenues keeping up with forecasts? Revenue stream – sales strong this fiscal year

Mike Ferguson: Sales tax revenues are strong. May revenues will be seen in early June. The increase in the sales tax does not seem to have slowed sales. Corporate income taxes are also fairly strong.

Bill Flory: What about more one-time funds such as the tobacco account, permanent building fund, etc. Are there any possibilities to draw more from these?

Mike Ferguson: All special accounts are depleted. The States only alternative is to stop making payments. We are “bone dry” and may not even be able to make required school transfers. Bob Huntley has threatened to sue the state to bring in money to school districts this year.

The projected budget shortfall by this fiscal year using April numbers is \$38 million. Since the legislature removed an additional \$6.5 million in expenditures, you are looking at about a \$32 million shortfall. The State is looking at a net \$25 million cash problem, assuming no further worsening of the economy.

Bill Flory: Does this include the 2% General Fund reversion from the Universities?

Maria – all agencies have been asked to provide reversion plans to help with the \$9 million shortfall. Mike Ferguson: We will see on June 20th when payments are due.

Mike Mooney: Presentation by Karl Tueller, Deputy Director, Department of Commerce.

Karl: New Director Lamoyne Hyde, a successful businessman from Idaho Falls.

Department of Commerce has 4 major divisions:

1. Travel Council – 8 member council with dedicated annual funding of \$5 million.
2. Economic Development – Focused on job retention, business re-location, and job creation. Includes the Idaho Business Committee?
3. Community Development – Federal grant of \$ 10 million per year and Rural Development State funding of \$3 million per year. Also includes the Idaho Rural Partnership which includes state and federal officials and representatives from the tribes and business.
4. International Division – Focused on improving trade with Mexico, Canada, and Asia

Other Department of Commerce emphasis includes science and technology.

Commerce has approximately 54 staff, and, although they do not have regional offices, utilizes partnerships with individual and organizations around the state to be well connected to and well informed on economic activities throughout the state.

The Department of Commerce has a miniscule marketing program – less than \$200,000 annual budget – yet has been effective marketing Idaho. It operates with a Strategic plan, has established business-like performance measures and did a statewide survey to gather input on potential updates to its strategic plan. The results of that survey will be forwarded to members of the Revenue Committee.

We also have 5 different advisory councils

- 1) Business
- 2) IRP
- 3) International
- 4) Science & Technology (hasn't met in some time)
- 5) Travel council

Larry Cope: Does Commerce have any or considered alternative revenue measures for the committee to consider?

Commerce currently gets funding from the following sources:

IEDA – Idaho Economic Development Association, aggregates funds from a number of organizations to get more mileage on marketing plans.

IDOL – Out-of-state marketing program – convinced Buck Knives to move to Idaho.

INEEL – \$1.3 million per year in economic development. (This may not be available in the future due to the federal re-bid of the INEEL contract.)

Con Paulos: Out of the \$6.2 million State funding at Commerce, how much is passed through?

Karl Tueller: Most of that funding is for administration of the Department. \$3 million of the total is for the rural component and is passed through to local governments.

Mike Mooney: If we are trying to look at 2020 to attract jobs for Idaho, where should we be investing?

Karl Tueller: Invest in the following:

- 1) Reinstitute those investments in rural areas which have recently been reduced.
- 2) Invest in science and technology planning and infrastructure. Look at economy and what's going to contribute to economic development. Science and technology has great potential for Idaho. About \$300,000 is needed in this area.
- 3) Devote additional funds to marketing and branding of Idaho. This would enable Commerce to do more advertising in places like California with its increasingly hostile business climate, and to hire professional public relations firms that to guide and promote Idaho marketing efforts.

Job Retention, business expansion, and job creation have been guiding principles for the Department of Commerce.

Balanced Tax Structure: When comparing Idaho with surrounding states, we have a very balanced and predictable tax structure. We are fairly competitive. Corporate taxes may be a higher on average in Idaho, but not by much. Commerce has no overriding recommendations on taxing structure, although creating enterprise zones in the state to help depressed areas has been mentioned often. For the Department of Commerce the General Fund is probably the best source of funding.

Carl Wilgus: Oregon uses lottery revenues for economic development. In Idaho lottery revenues are dedicated to education.

Karl Tueller: We hesitate to add a tax to business for economic development. Not much thought has gone into creating other funding sources for the Department of Commerce.

Larry Cope: What funding do other states use for economic development.

Karl Tueller: Some use mineral retraction incentives, special business taxes, etc.

Carl Wilgus: Tourism is the #3 industry in Idaho, following manufacturing and agriculture. We have a 2% hotel, motel and campground tax. Idaho's population is about 1.3 million people and we get about 21 million visitors that generate about \$167 million in tax revenues each year.

About \$5 million is generated from the 2% tax -- put heads in beds. Outdoor recreation is spread over all seasons so there is good diversity. There is some weakness in that we can not communicate in a format specific to each group e.g. golfers, hunters, fishermen.

We have gained efficiencies in marketing tourism through the Internet ads. 2/3 of land in Idaho is public -- federal land management is critical to tourism because many of the places visited by tourists are public lands.

Examples: National Parks – Yellowstone policy on snowmobile use elimination would have been devastating economically to that area. Another example was the state land board & Legislature facilitating the development of the Tamarack Resort by extending a land lease to 49 years. Job creation potential for tourism and recreation in Valley County as a result of the Tamarack project will be substantial

We are always trying to grow and expand our revenue stream. When I started in 1987 several surrounding states were spending \$3 million per year on marketing. Idaho was spending less than 2 million. Idaho now spends \$5 million per year while many of those surrounding states like Oregon are still expending \$3 million per year. Idaho does a superb job marketing tourism. Present tax rate is 2% + 6% sales tax. Some resort communities have an additional 4% tax.

Larry Cope: Has there been any discussion to use revenues from the hotel/motel tax on economic development rather than tourism?

Carl Wilgus: Very little or no discussion – 45% of these funds go to grants to local areas who would probably not be happy with a diversion to economic development.

Larry Cope: How about increasing the 2% and using the increase for economic development?

Karl Tueller: A tax is a tax! Our room tax is higher than most

Art Brown: How much do we spend?

Karl Tueller: Of the \$5 million, 45% goes back to communities in grants. For example \$200,000 went to the Coeur d'Alene tourism bureau.

Con Paulos: What other areas could be impacted by an increase or broadening of the tax?

Karl Tueller: Food and Beverage, and car rentals would be major categories. 1-2 states have done a good job in broadening the base but doing so affects more constituent groups and makes it difficult.

Mike Mooney: How about the consolidating taxing districts issue?

Randy Nelson: There should probably be some potential for savings but not sure how much.

Mark Ricks: What about combining school districts?

Randy Nelson: You still need the buildings and teaching staff, which is where most of the costs are.

Con Paulos: Will there be any savings in the treasure valley through school consolidation?

Randy Nelson: Twin Falls County has 11 school districts.

Larry Cope: Is this an Education Committee recommendation?

John McAllister: The Education Committee discussed consolidating administrative functions such as information technology.

Con Paulos: This needs to be addressed by the Task Force and will not be easy.

Art Brown: We need to provide some leadership on this issue. We need to find a champion on this issue.

Mark Ricks: I am not sure, but I heard that some school districts have less than 50 students?

Bill Flory: It is time to recommend that local taxing districts find efficiencies. There is just not enough revenues to maintain the status quo. Those that find efficiencies can help lead the charge.

Art Brown: For example in 1982 Coeur d'Alene had 3 school districts and 10,000 miners. Today there still 3 districts but less than 1,000 miners.

Bill Flory: Education committee recommendation that Lewis State go to 2-year college. Created a lot of controversy, but is the kind of efficiencies that need review.

Larry Cope: Authorization to form servicing agency was Recommendation #2 from the Education Committee.

Con Paulos: Maybe it is a recommendation and warning at the same time. If we continue the status quo, legislators eventually have no choice but to dictate based on budget constraints.

Bill Flory: Stay local and viable rather than mandate merge, change structures, etc. We would be remiss if we don't support some consolidation.

Mark Ricks: Concerned with Education Committee recommendation on starting salary-- \$35,000 for teachers, a 40% increase. In addition, the need to increase pay for existing teachers to maintain equity will cost a lot. McCall and Cascade consolidated their districts and apparently saved a lot.

Con Paulos: Are we proposing a recommendation?

Larry Cope: The committee recommends that local taxing districts need to find efficiencies.

Randy Nelson: Will draft a resolution on taxing districts consolidation and other efficiencies

Bill Flory: Revenue is limited and basic services need to be continued. Basic services are critical as is maintenance of local control. Administration is not critical.

Mike Mooney: Final resolutions are due June 19th for the June 24th Task Force meeting in Boise. We should have 1 more meeting to discuss Commerce. Do we need a recommendation on maintaining a balanced tax structure?

Randy Nelson: Someone needs to look at the sales tax exemptions. Sales tax on services needs to be studied and probably enacted.

Mike Ferguson: Twenty years ago goods represented 60% of potential sales tax revenue. Today Service represents 60%, a complete reversal in a fairly short time span.

Con Paulos: The State needs to look at services for potential tax revenues.

Randy Nelson: Other states are looking at taxing services.

Mike Ferguson: During last session, legislators recognized the need to do sales tax broadening while potentially lowering the overall rate. There is a great deal of interest in pursuing that. It seems to me for this to be successful there needs to be an effort to merge the business representation on this committee with the legislature to bring the real experience into the debate.

Bill Flory: Con, Art, and I are examples, since we're exemptions. Are these exemptions really needed? The legislature has a great opportunity to broaden the sales tax base and lower the rate. I think the public and professional community would have a hard time arguing against that.

Con Paulos: what is well balance?

Randy Nelson: 3-legged stool – Sales, Income and Property taxes.

Art Brown: Do we know what share each leg provided 10 years ago and today?

Randy Nelson volunteer to email that information to Committee members.

Con Paulos: Should 60% be based on sales tax and the other 40% split with property and income taxes? Property assessments are arbitrary. Amalgamated sugar factory is going to court to protest their assessment. Assessments are become a more and more complicated area.

Bill Flory: What would exempting food and medicines cost. I think we need to establish criteria and look at each exemption in light of the criteria.

Randy Nelson: Production exemption will probably not change, but exemptions on services could change.

Con Paulos: We are missing a great opportunity by not marketing more. We have a great story to tell and a \$200,000 marketing budget is just not adequate. Georgia Smith in Commerce does a very effective job, but it needs to be out there continuously, like the Dell story in Twin Falls.

Questions/Requests for Information:

How much does 1% of unemployment mean in terms of number of layoffs? (IDOL)

Looking at the State's Total Civilian Labor Force of 693,800 for the month of April (most recent total and holding that figure constant) and the 5.8% unemployment rate for that month (which represents approximately 39,200 unemployed individuals) an additional 1% or 6.8% unemployment rate would represent an additional 6,938 unemployed individuals.

Assignments:

- 1. Karl Tueller will provide a copy of their survey to IDOL (John) to distribute for the committee.**
- 2. Carl Wilgus from Tourism will do a comparative analysis of western states on motel/hotel taxes, tourism taxes, etc.**
- 3. Randy Nelson will work with Bill Flory, and the tax commission to draft a resolution on consolidating taxing districts and other efficiencies.**
- 4. Get Commerce more finding? Larry and Mike will work on this resolution.**
- 5. Randy Nelson and Bill Flory will draft a resolution on balanced tax structure.**
- 6. Randy Nelson will provide an analysis of what share each leg of the tax structure (property, sales, and income tax) provided 10 years ago and today.**

Next Meeting:

Thursday, June 12, 2003 from 9:00 am – 10:30 am. The full Idaho 2020 Task Force meeting scheduled for June 24, 2003 is the next event on the calendar. Committee recommendations need to be submitted to Dwight Johnson by June 19. Mike discussed that the goal is to try to wrap up the sub-committee's and full 2020 Committee's work by June 24 and make final recommendations to the Governor.



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Revenue Committee Meeting Summary

Meeting Date – June 12, 2003

Meeting Location – Conference Call & 4th Floor Conference Room, 317 W Main, Boise

Attendance:

Committee Members – Larry Cope, Bill Flory, Doug Gross, Randy Nelson, Tom Nicholson, Con Paulos, Mark Ricks.

Committee Members Absent – Art Brown, Larry Jeffries, Mike Mooney.

State Staff – Governor's Office: Megan Reinschmidt; DFM: Mike Ferguson; Tax Commission: Dewey Hammond; Department of Labor: John McAllister, Rogelio Valdez.

Decisions/Recommendations:

1. Approved recommendation number 9 to consolidate at least a portion of the 1159 taxing districts in Idaho in order to increase efficiency and save money.
2. Approved recommendation number 10 to preserve a balanced tax structure in Idaho.
3. Approved recommendation number 11 to use one third of the hotel/motel tax for marketing of Idaho and for economic development efforts at the Idaho Department of Commerce.

Discussion/Rationale:

No comments were made on the Department of Commerce strategic plan survey, and the state comparative data on tourist promotional expenditures was not received from Carl Wilgus.

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)

Larry Cope: We need to make additional resources available to the Idaho Department of Commerce so that we can become more competitive with surrounding states. Bordering states spend more on marketing than does Idaho. Somehow there needs to be some dedicated funds for the Department of Commerce to avoid funding cuts during economic hard times—the exact time when marketing should be increased not decreased. The question is how we do it. Taking the 30% of the hotel/motel tax which is attributable to business travel is one suggestion.

Tom Nicholson: We need to look at this seriously.

Con Paulos: Taking a third of the hotel/motel tax for economic development is probably too low because in all likelihood business travel generates more than a third of the tax. However, it will not raise a lot of money—approximately \$1.5 million.

Larry Cope: The state contribution to Commerce is small. Much of Commerce spending is from federal funds and other sources.

Con Paulos: Total actual budget is \$3.2 million. Commerce is a very small Department.

Bill Flory: Where would the resistance to this move come from?

Con Paulos: Tourism industries—hotels, restaurants, etc. However, I do think they could be sold on the idea of diverting a third of the tax for economic development.

Larry Cope: Carl Wilgus told us in our last meeting that 30% of the hotel/motel tax was attributable to business travel and 70% was attributable to tourism. Since business travel is generating that revenue, why not spend a proportionate amount of the tax on economic development. That seems justified.

Con Paulos: Anything you do will be opposed by someone, but this one could be defended. Business people who pay the hotel/motel tax should be educated on the need for this.

Bill Flory: With the Lewis and Clark bicentennial, we should have some additional income to start this off without impacting tourism too greatly.

Larry Cope: Does the committee wish to make a motion for a recommendation?

Committee members all voiced support. John McAllister will draft the recommendation and distribute it to Mike and Larry first and then to all committee members for review. Anyone not supporting the recommendation will need to so indicate by email.

Draft recommendation number 9 was then discussed. This recommendation is for the state to consolidate some of the 1159 taxing units currently in existence. This recommendation was drafted by Randy Nelson.

Randy Nelson: This recommendation was intended to document the fact that Idaho has a lot of taxing districts—much more than the national average. The worksheet which came with the draft recommendation contains the numbers to support that statement. Idahoans like lots of small governments, but some of these just seem excessive. Some may be a result of geography; some resulted from limitations on taxation; some because of coordination problems, etc. Are all of these taxing units really necessary?

Con Paulos: Moved to accept the recommendation as drafted.

Mark Ricks: Seconded the motion.

The motion was approved unanimously.

Draft recommendation number 10 was then discussed. This recommendation is for the state to maintain a balanced tax structure. This recommendation was drafted by John McAllister.

Dewey Hammond: Suggested the following be added to the recommendation:

Furthermore, the stability of the corporate income tax also depends on how the interstate apportionment of taxpayers' business income is calculated. Reliance on a broad based formula that is based on the taxpayers' property, payroll, and sales is less volatile than a formula that either over-weights or relies on only one of these factors, such as sales. Idaho currently uses this broad based formula and should continue to do so.

Larry Cope: John will incorporate Dewey's comments into the recommendation and distribute it to everyone.

Con Paulos: I think we should add a statement about taxes being efficient and not get hung up on whether or not they are above or below national averages.

Randy Nelson: We could just remove the language about miscellaneous taxes being proportional to national averages.

Larry Cope: Let's replace the language with Con's comments. We want Idaho's tax structure to be fair and equitable and to encourage doing business in Idaho.

Randy Nelson: Made a motion to approve the modified draft recommendation.

Con Paulos: Seconded the motion.

The recommendation was approved unanimously.

Bill Flory: I was recently interviewed on taxing districts. I believe there are efficiencies to be gained in education and the administration of education. Education should not be exempt from efficiency scrutiny. Recent large property valuation reduction for businesses will force

some of these efficiencies—Micron, Sugar Factory in the Magic Valley, and Potlatch are some of the larger examples. This shifting of tax burdens will cause a lot of heartburn.

Larry Cope: Values today are not what they were ten years ago in a lot of industries. Taxing districts need to accommodate this decline in value.

Paulos: We have entered a period I call the “New Normal”. Growth in things like business investment is greatly reduced from what it was in the mid-1990’s. Everything will be slower as people react to the pain of the early 2000’s. Government needs to be sensitive to this. The next decade will require adjustments from government to accommodate this new environment. Times have changed. Business will not be generating the kind of profits it did in the 1990’s.

Bill Flory: Randy, what is the precedent for these valuation reductions?

Randy Nelson: This has certainly become more predominant recently, but it has happened before. The poor economy has caused a lot of it as equipment becomes obsolete faster due to competitive pressures.

Doug Gross: The potato industry will see similar valuation reductions as a result of food processing moving out-of-state.

Bill Flory: Local taxing districts often have a lot of money in checking accounts, and do not think their budgets can be cut. Some seem to have their head buried in the sand.

Tom Nicholson: Mike Ferguson, what do current numbers show?

Mike Ferguson: May data showed a nice bounce up. Both individual and corporate income taxes were ahead as was the sales tax. June revenues should meet projections, and are unlikely to exceed projections.

Tom Nicholson: The worst is behind us then?

Mike Ferguson: No. There is more pain ahead of us. The rate of job growth has been flat in 2003, and the projected 1% increase in 2004 is suspect. There have been some signs of improvement, but the picture is still mixed. The federal economic stimulus money provided to each of the states will be helpful.

Tom Nicholson: The stock market seems to indicate that something positive is happening. It often predicts improvements 6 months in advance.

Mike Ferguson: Unemployment and industrial production still show no improvement.

Mike Flory: What is the Governor’s plan for the \$85 million in federal economic stimulus money that Idaho will receive?

Mike Ferguson: \$35 million must be spent on Medicaid. The remaining \$50 million must be spent on essential public services. It thus cannot be held in reserve. The plan is to keep close tabs on revenue streams and do whatever is necessary to balance the 2003 budget. After we manage to balance 2003, we will reexamine the prospects for Fiscal Year 2004. Spending the \$50 million on essential public services should not be a problem.

Randy Nelson: I heard that \$20 million of the \$50 million had to be allocated to local governments. Is that correct?

Mike Ferguson: I do not know anything about that.

Larry Cope: The recommendations must be finalized and given to Dwight Johnson for the full Task Force by June 19. We will be sending the recommendations around by email. If you have comments, additions, or changes, please reply promptly to the emails. The absence of email responses will be interpreted as approvals. The first half day of the full Task Force meeting on June 24 will be devoted to Key Committee meetings. We can address additional issues at that time, if necessary.

Meeting adjourned.

Questions/Requests for Information:

(Include responsible person and completion date.)

None.

Assignments:

(Include responsible person and completion date.)

1. None.

Next Meeting:

The full Idaho 2020 Task Force meeting on June 24, 2003 is the next event on the calendar.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 9

Health and Human Services Recommendations

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



HEALTH & HUMAN SERVICES

COMMITTEE MEMBERSHIP

Jack Riggs- Co-Chair
Former Lieutenant Governor, Coeur d'Alene

John Kee- Co-Chair
CEO, Magic Valley Regional Medical Center, Twin Falls

Kelly Buckland
Executive Director, State Independent Living Council, Boise

Kara Craig
CEO, The Children's Home Society of Idaho, Boise

Louise Shadduck,
Businesswoman, Author, Coeur d'Alene

Nancy Vazquez
Immediate Past President, Public Employee Association
Manager, Canyon County Job Service, Caldwell

Staff Support

Administrative Support, Idaho Department of Labor

Laura Gleason
Larry Hertling
Katie Lamm

Division of Financial Management

Judie Wright

Subject Matter Experts

Karl Kurtz, Director, Department of Health & Welfare
Lois Bauer, Director, Idaho Commission on Aging
Mike Graham, Administrator, Idaho Commission for the Blind and Visually Impaired
Don Pena, Executive Director, Hispanic Commission
Leslie Goddard, Director, Human Rights Commission
Richard Jones, Administrator, Veterans Services
Regional Public Health Districts



HEALTH AND HUMAN SERVICES COMMITTEE PRELIMINARY RECOMMENDATIONS

HHS PRELIMINARY RECOMMENDATION # 1

That the Department of Health & Welfare's (DHW) continue implementation of its "strategic workplan" to consolidate like functions, standardize business systems, and realign resources.

This workplan includes the following goals:

1. Improve health status;
2. Strengthen individuals, families, and communities;
3. Integrate health and human services;
4. Apply learning organization skills; and,
5. Align structures, people, and technology.

Basis for recommendation:

1. This work plan will:
 - a. Increase efficiency in DHW operations.
 - b. Establish DHW priorities consistent with the most significant problem areas.
 - c. Integrate state agencies across the continuum of services.
 - d. Integrate DHW efforts with community partners.
2. Discussions with DHW staff thus far have provided confidence in the Department's ability to manage scarce resources with integrity.

Advantages:

This work plan:

1. Leverages federal dollars to the best benefit of the State.
2. Addresses opportunities to avoid unnecessary costs.
3. Looks to the future with effective business strategies.

Disadvantages:

Budget Impact:

Anticipated cost avoidance from realignment and consolidation efforts in Fiscal Year (FY) 2003 is \$4,400,000, of which \$2,000,000 are General Funds.

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



HHS PRELIMINARY RECOMMENDATION #2

That DHW continue implementation and further development of integrated data processing systems.

Basis for recommendation:

This workplan will integrate information generated by 15 software systems into a data warehouse.

Advantages:

1. These integrated systems will provide an essential tool to effectively manage utilization of resources through the continuum of various programs.
2. Access to data will improve patient care, both from quality and cost perspectives.
3. These integrated systems will provide the foundation to allow for competitive development of effective claims payment systems.
4. This strategy leverages federal dollars to the best possible advantage - 10% state and 90% federal.

Disadvantages:

Budget Impact:

Existing funding will cover costs in FY2003 and FY2004. Total cost in those years is \$450,000, of which \$50,000 are General Funds.

Risks:

The complexity and scope of the project could exceed available resources and expectations.

Obstacles:

Alternatives:

An alternative to the development of DHW integrated data processing systems would be to continue to outsource many electronic data processing systems.

Minority Opinion(s):

Possible Implementation Vehicle:



HHS PRELIMINARY RECOMMENDATION # 3

That DHW establish the value of outstanding cost report settlements (the amounts overpaid to hospitals) due from acute care hospitals, collect overpayments, and ensure correct interim reimbursement rates are put into effect.

Basis for recommendation:

1. The State has working capital tied up in receivables for Medicaid settlements; collection of these receivables would generate revenue for the State.
2. As interim payment rates are based on a percentage of charges, they need to be evaluated on a timely basis to ensure accuracy.

Advantages:

1. The collection of existing receivables would provide a one-time cash infusion to the State.
2.
 - a. The State will be paying an amount consistent with estimated cost settlement.
 - b. A prospective pricing system creates an easier planning platform for DHW.

Disadvantages:

1. Hospitals may resist this proposal.
2. Hospitals that have been overpaid may not have the money to repay what they owe.

Budget Impact:

The current interim rates unnecessarily inflate the Medicaid appropriation by about \$1,800,000 in state funds annually. In effect, hospitals are overpaid each year by a total of \$1,800,000. That amount is recouped through a settlement process that takes as long as three years to complete. Setting interim rates closer to historic settlements would result in a smaller appropriation.

Risks:

Obstacles:

The State is dependent upon Medicare to complete cost reports in order for DHW to have access to current data upon which to base settlements.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Rule change; State Plan Amendment



HHS PRELIMINARY RECOMMENDATION # 4

That DHW, with input from stakeholders, evaluate the appropriateness of affiliation fees paid to residential habilitation agencies serving certified family homes that deliver services to persons with developmental disabilities. The Committee further recommends that another quality assurance approach be implemented if DHW determines that the provision of contracted services by these agencies is not the most effective mechanism for assuring quality in the delivery of services to developmentally disabled individuals in certified family homes.

Basis for recommendation:

Residential habilitation agencies are paid to develop training plans for individuals with developmental disabilities residing in certified family homes, to oversee the delivery of this training, and to assist the providers of these services. The value of the services provided by these residential habilitation agencies is difficult to ascertain and appears to duplicate other services already being provided.

Advantages:

A re-examination of the function of these agencies may eliminate costs that yield minimal benefit.

Disadvantages:

Budget Impact:

The Department's 3.5% holdback plan includes a 50% reduction in this fee. The savings from that step is \$2,000,000, of which \$600,000 are General Funds.

Risks:

Obstacles:

Providers who advocate for their delivery system are likely to resist change.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle:



HHS PRELIMINARY RECOMMENDATION # 5

That minors (youth under the age of 18) be required to wear safety restraints in private moving vehicles.

Basis for recommendation:

Currently, only children through age 4 are required to wear these restraints.

Advantages:

This requirement will save lives, morbidity, and money.

Disadvantages:

Budget Impact:

Risks:

Obstacles:

This will require legislative action.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation



HHS PRELIMINARY RECOMMENDATION # 6

That Public Health Districts be required to place a higher priority on the provision of immunizations to children.

Basis for recommendation:

1. Idaho has not reached the established goal of a 90% immunization rate for two-year-olds.
2. Immunizations are a primary and fundamental responsibility of Public Health Districts.
3. The hours and locations for providing immunizations by the Public Health Districts are too limited.

Advantages:

Increasing immunization rates protects public health and minimizes morbidity.

Disadvantages:

Additional staff could be required.

Budget Impact:

Unknown.

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation



HHS PRELIMINARY RECOMMENDATION #7

That DHW ensure that systems are in place that allow the State to enroll the maximum number of eligible Medicaid beneficiaries and Primary Care Providers in the Healthy Connections program, bringing participation as close to 100% as possible.

Basis for recommendation:

1. The Healthy Connections program establishes a system that attaches beneficiaries to a Primary Care Provider. This provider is placed in a better position to manage utilization of health care resources.
2. The program has been well received by both Primary Care Providers and beneficiaries.
3. Data has shown that enrollees in the Healthy Connections program have been more efficient in the utilization of health care resources. It is estimated that a Healthy Connections beneficiary consumes approximately \$31 per month less than a non-Healthy Connections beneficiary.
4. Statewide implementation is not possible without system changes that ensure an adequate provider base that offers appropriate access to care.

Advantages:

1. If the Healthy Connections program is expanded, costs will be more easily controlled.
2. Patient care would be improved. Without Primary Care Providers managing client care, emergency room utilization is more difficult to control, coordination of services is more challenging, and disease management tools are more difficult to implement.
3. In FY2001, Healthy Connections enrollments resulted in \$12,800,000 in cost avoidance with a total enrollment of 32,000 clients. The cost avoidance for each enrollee is approximately \$31.38 per month. At the end of FY2002, almost 40% of total Medicaid clients (58,000) were enrolled. Medicaid projects that 68% of its total Medicaid population will be enrolled as of June 30, 2003.

Disadvantages:

1. Some beneficiaries may perceive that their access to specialists is reduced and that they have less choice in the health care they receive.
2. Some providers distrust managed care.

Budget Impact:

1. DHW has set a goal of 68% client enrollment in Healthy Connections by June 30, 2003. At that level of participation, Medicaid will avoid an estimated \$36,700,000 in provider payments. Increasing enrollment to 85% would bring annual cost avoidance to \$45,800,000. At 100% enrollment of those eligible for the program, cost avoidance would reach \$53,000,000.
2. Increasing enrollment beyond 68% will require seven additional staff and reduce cost avoidance by \$525,000.

Risks:

Obstacles:

1. Healthy Connections cannot be mandated without sufficient provider participation. In some regions, it is difficult to incentivize providers when there is a sufficient private payer market and providers do not need to accept Medicaid clients. (Commercial insurance products reimburse significantly higher than Medicaid.)
2. There are some limits to mandatory enrollment.
Clients cannot be mandatory enrollees if:
 - a. they must travel more than 30 miles or 30 minutes to the nearest Healthy Connections provider;
 - b. they have an eligibility period of less than 3 months;
 - c. they have an eligibility that is ONLY retroactive;
 - d. Medicare is the primary payer;
 - e. they are in a lock-in program; or,
 - f. they are residing in a nursing home or intermediate care facility.
3. There may be some difficulty in establishing reimbursement systems that attract the required number of Primary Care Providers to ensure beneficiaries have appropriate access to care.
4. Federal mandates require 24-hour call services and therefore exclude urgent care centers from participating in the program.
5. Federal regulations (EMTALA) allow patient access to emergency room settings irrespective of medical conditions.

Alternatives:

1. Allow patients to continue to utilize the emergency room as their medical home.
2. In counties where there are not enough providers, the program could maximize participation by encouraging the participating providers to require mandatory practices (e.g., if a Medicaid beneficiary is seen by that provider, the patient must be enrolled in Healthy Connections). The Healthy Connections program might consider introducing incentives and/or exempting participating providers from some of Medicaid's medical management requirements.

Minority Opinion(s):

Possible Implementation Vehicle: Federal Rule Change



HHS PRELIMINARY RECOMMENDATION # 8

That DHW create an improved management fee incentive system to attract additional Primary Care Providers into the Healthy Connections program.

Basis for recommendation:

An incentive system would increase the number of Primary Care Providers and therefore increase access to health care for Healthy Connections participants.

Advantages:

Improving preventive medical care will actually DECREASE costs in Medicaid in the long run.

Disadvantages:

Adoption of this recommendation would temporarily increase the Medicaid budget that is paid to providers.

Budget Impact: Increasing the management fee paid to Healthy Connections providers would reduce cost avoidance resulting from the Healthy Connections program. Raising the fee by \$1 would cost between \$1,000,000 and \$1,500,000, depending on the enrollment level achieved.

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation; State Rule Change

HHS PRELIMINARY RECOMMENDATION # 9

That DHW implement a Medicaid Buy-In Program, in which Medicaid-eligible individuals with disabilities could continue to receive Medicaid benefits and would share in the cost of those benefits after obtaining employment.

Basis for recommendation:

People with disabilities are currently discouraged from obtaining employment by the risk of losing Medicaid benefits (e.g., mental health services, personal assistance).

Advantages:

1. More people with disabilities will become taxpayers.
2. Medicaid becomes the secondary payer for those who obtain work-related health insurance.
3. Income subsidies (e.g., housing, food stamps) will diminish.
4. More people with disabilities will be able to work themselves out of poverty.
5. People with disabilities will participate in the cost of the delivery of health care services.
6. Adoption of this program will provide an incentive for individuals to go to work and advance in the workforce.

Disadvantages:

The long-term impact of the implementation of this program is uncertain.

Budget Impact:

	2004	2005	2006	2007	2008
Annual cost per enrollee	\$21,000	\$23,000	\$24,000	\$26,000	\$28,000
Number of enrollees	275	490	561	634	706
Current enrollees shifting to Buy-in program	205	367	421	476	529
New enrollees	70	123	140	158	177
Annual net cost *					
Total program	\$5.8 million	\$10.4 million	\$12.8 million	\$15.0 million	\$18.0 million
New enrollees only	\$1.9 million	\$2.7 million	\$3.7 million	\$3.8 million	\$4.6 million

Five year net cost *		
Total program	\$62.0 million	
New enrollees only	\$16.8 million	
* Net cost = (Total claims + Operating costs) – (Premiums + Employer Costs)		

Some of the increase in costs could be offset by additional tax revenues and reductions in other subsidies.

Risks:

Obstacles:

1. This is a Medicaid expansion; some people not currently on Medicaid would become eligible.
2. The Legislature would have to appropriate adequate funds to implement this concept.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation; State Rule change.



HHS PRELIMINARY RECOMMENDATION # 10

That any expansion of the Children's Health Insurance Program (CHIP) include the CHIP Access Card concept as an option for recipients. This new concept would increase access to children's health care through cost-sharing among parents, their employers, and the State for families with incomes between 150% and 200% of poverty.

Basis for recommendation:

1. A large number of Idahoans remain uninsured.
2. Expanding CHIP would assist in providing access to affordable insurance.
3. Any expansion of CHIP should include the concepts of defined contribution and market-based choice.

Advantages:

1. This card will allow small employers to help their employees obtain health insurance that they currently do not have.
2. More individuals will be able to obtain needed insurance.

Disadvantages:

This is a new concept.

Budget Impact:

This is a program expansion that would increase CHIP costs annually by about \$4,000,000, of which \$813,000 would be General Funds.

Risks:

1. The traditional Medicaid pool could ultimately consist only of those individuals with the most serious medical problems.
2. State contracted rates may not apply to the CHIP Access program.

Obstacles:

The administrative complexity of this concept may make implementation difficult.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation; State Rule change.



HHS PRELIMINARY RECOMMENDATION #11

That the Task Force:

1. ...endorse statewide implementation (except as noted below) of the DHW utilization management business plan for people with developmental disabilities and mental illness, separating customer assessment and service planning from direct service delivery through the use of independent assessment providers, and
2. ...endorse a pilot project based on the concept of self-determination. This project would include a modification of Idaho's Medicaid program to allow a specified number of individuals to utilize services under a participant-driven approach centered around the following essential elements:
 - a. Individualized budget;
 - b. Personal broker;
 - c. Fiscal intermediary; and,
 - d. Freedom of choice of traditional and non-traditional providers

Basis for recommendation:

1. Beneficiaries will become more accountable for resource consumption.
2. Beneficiaries will have more flexibility in allocating resources.
3. DHW will have significant input and flexibility in the determination of budgetary allocations.

Advantages:

1. These concepts will result in more efficient utilization of resources.
2. These concepts balance consumer decision-making against budgetary constraints.
3. This approach allows the State to move ahead with a concept that has been tested while exploring another option that could prove more cost effective.
4. This approach gives people with disabilities more control over their lives.
5. These concepts are being encouraged and facilitated by the federal Medicaid funding source and have been undertaken in other states.
6. Utilization management separates assessment, eligibility and plan authorization from the direct provision of services, reducing the potential for a conflict of interest as described in the Lewin Report.
7. This approach provides an opportunity to focus on quality assurance and quality improvement activities.
8. This approach incorporates automation to complete administrative tasks so the focus can be on working with consumers, families, and service providers.
9. Automation allows more opportunities to evaluate the effectiveness of services in addition to evaluating its own business flow and looking for potential enhancements.
10. These concepts increase the emphasis on consumer choice.

Disadvantages:

Budget Impact:

Projections on statewide implementation by SFY (assuming a July 1, 2003 start date):

Date Range	Yearly Gross Cost Avoidance	Yearly Expense*	Yearly Net Cost Avoidance
Jul 03 to Jun 04	\$ 4,906,000	(\$2,850,000)	\$ 2,056,000
Jul 04 to Jun 05	\$ 10,130,700	(\$1,500,000)	\$ 8,630,700
Jul 05 to Jun 06	\$ 11,348,300	(\$1,500,000)	\$ 9,848,300
Jul 06 to Jun 07	\$ 12,566,000	(\$1,500,000)	\$ 11,066,000
Jul 07 to Jun 08	\$ 13,783,700	(\$1,500,000)	\$ 12,283,700

Total Projected Net Cost Avoidance Savings through June 2008 is \$43,884,700

Projected Expenses are:

- \$1.0 Million for an automated system (one-time expense)
- \$ 350,000 for AIM reprogramming (one-time expense)
- \$1.5 Million for Independent Assessor (annual expense)

These estimated cost avoidance figures do not include the cost of a separate and concurrent self-determination pilot program. The utilization management pilot program completed in June 2002 cost \$300,000.

Risks:

1. There may be a lack of service provider support to implement the changes that are required in the DHW business model.
2. Unpredicted setbacks may impact milestones for implementation.

Obstacles:

1. Some providers will be opposed to this concept.
2. It may be a challenge to change the way people think about people with disabilities.
3. Modification of the Idaho Medicaid program requires federal approval.
4. Legislative approval is required.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation; State Plan Amendment



HHS PRELIMINARY RECOMMENDATION # 12

That the Task Force endorse the DHW workplan on pharmacy management, including a Preferred Drug List and expanded Drug Utilization Review Board, with the proviso that consumer input is considered in the implementation of the workplan.

Basis for recommendation:

1. The overall goal is to provide the right care to clients at the right price.
2. Pharmacy expenditures continue to grow at extremely high rates.
3. Direct marketing of pharmaceuticals and the explosion of new drugs onto the market mandate the development of utilization systems.
4. The expected growth in beneficiaries in older age groups will continue to stretch scarce resources.
5. The current plan has exhibited the following characteristics:
 - a. Significant levels of cost avoidance
 - b. Emphasis on evidence-based management systems
 - c. Development and implementation of appropriate technology

Advantages:

1. This approach ensures that unnecessary pharmaceutical costs are avoided.
2. This approach improves patient safety by addressing poor outcomes from incompatible drug interactions.
3. Evidence-based clinical decision-making with local physician and pharmacist input related to Preferred Drug List selections will encourage provider and consumer support.
4. Enhanced technology will assist DHW in identifying and implementing additional cost containment initiatives.
5. Enhanced prior authorization technology for pharmacy claims will produce an efficient, "reduced-hassle" system for providers and clients.

Disadvantages:

Budget Impact:

Implementation will result in a net cost avoidance of \$32,900,000 in FY2003, after deducting additional staffing and automation costs.

Risks:

Cost focus could cause patients to utilize pharmaceuticals that are less expensive but not as clinically effective, leading to more expensive medical outcomes.

Obstacles:

1. Some consumers demand the latest pharmaceutical technology.
2. Program and cost containment measures cannot be implemented immediately.
3. An evidence-based review process may delay the implementation time for the Preferred Drug List.

4. Pharmaceutical company marketing and drug industry (PhARMA) lobbying may affect client choices.

Alternatives:

An alternative would be to limit monthly prescription benefits and/or to reduce reimbursements to providers.

Minority Opinion(s):

Possible Implementation Vehicle: State Rule Change



HEALTH & HUMAN SERVICES COMMITTEE INTERMEDIATE RECOMMENDATIONS

HHS Intermediate Recommendation #1:

That DHW investigate all opportunities to collect appropriate administrative fees for administrative services rendered and, where cost effective, collect such fees. Fees will be imposed against the payer.

Basis for recommendation:

1. DHW has mandates to provide administrative services, yet is not always provided funds with which to effectively administer these mandated services.
2. There are administrative services offered by DHW that benefit specific users of the system.

Advantages:

1. Collection of appropriate fees will match administrative fees to the administrative services rendered.
2. Collection of appropriate fees will provide a source of funding that is easily justified and identifiable to the end user.

Disadvantages:

Budget Impact:

Risks:

The cost of collecting fees could exceed revenues generated.

Obstacles:

There may be opposition to the collection of fees for services rendered from users of these services who are accustomed to receiving them without cost.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation State Rule Change



HHS Intermediate Recommendation #2:

That the State of Idaho require that criminal history checks be completed for all day care providers and their staff.

Basis for recommendation:

Family childcare homes enroll one to six children and are not required to be state licensed. They can, however, be licensed on a voluntary basis. Facilities enrolling more than six children must be licensed. Licensing is also required for facilities receiving certain federal dollars.

Requirements for licensure under Idaho Code 39-1101, et seq., include:

- Safety inspections from the local district health department and the fire department
- Prescreening of staff through fingerprinting and criminal records background checks
- Four hours annual in-service training for staff members
- Proof of child immunizations within 14 days of child's enrollment (Exceptions are allowed in situations where there are life, health or religious objections.)

Thus, while facilities with less than seven children can choose to be licensed and have criminal background checks completed on their staff, they are not currently required to do so.

To meet licensing requirements, criminal history checks are required for all applicants, owners, employees, volunteers (providing more than 12 hours volunteer service per month) and all other individuals twelve (12) years of age or older who have unsupervised direct contact with children. The criminal history check includes a review of the following records:

- Statewide criminal identification bureau check
- Federal Bureau of Investigation criminal history
- National Criminal Information Center
- Statewide child abuse register.

Local city governments can establish and enforce their own childcare licensing regulations as long as the licensing requirements are equal to or more stringent than state license provisions. Currently there are seven cities in Idaho that license childcare facilities in their jurisdictions -- Boise, Chubbuck, Jerome, Coeur d'Alene, Lewiston, Moscow, and Pocatello.

Advantages:

This requirement would provide children in day care with a greater measure of protection from exposure to workers with questionable backgrounds.

Disadvantages:

This requirement may be difficult to enforce. An increase in the number of background checks may result in (a) an increase in day care fees and/or (b) an increase in the DHW budget for conducting background checks.

Budget Impact:

Uncertain, as it is not known how many facilities exist that care for less than seven children.

Obstacles:

This will require legislative action.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



HHS Intermediate Recommendation #3:

That a permanent low interest loan program be established for assistive technology in Idaho. The Committee further recommends that the State of Idaho act quickly in order to take advantage of the (one-time) federal assistance that has been made available to the states by the U.S. Congress at the request of President Bush.

Basis For Recommendation:

Assistive technology is redefining what is possible for individuals with disabilities, older persons and their families. It includes such items as reachers, walkers, adaptive computer hardware and software, wheelchairs, electronic communication systems, wheelchair ramps, and thousands of other commercially available products.

Emerging research indicates that using assistive technology allows people with disabilities to get and keep jobs, to succeed at school, and to function well in their homes and communities. Assistive technology allows persons with disabilities and older persons to be less dependent on entitlement programs and can help them to avoid entering publicly-funded institutions. Assistive technology directly benefits:

- Adults with disabilities and their families;
- Students with disabilities and their parents;
- Family caregivers;
- Older persons with functional impairments and their families;
- Direct care providers.

Advantages:

According to the Office of Technology Assessment, “assistive devices can delay or prevent institutionalization, *resulting in enormous personal and financial savings.*” Assistive technology helps persons with disabilities to obtain and maintain employment. The use of assistive technology slowed the decline of functional abilities among persons with disabilities and older persons in a recent federal study.

Assistive devices benefit caregivers as well as the disabled and elderly individuals.

- Approximately 52 million Americans (about 31% of the adult population) take care of an elderly, disabled or chronically ill relative or friend.
- 14.4 million full- and part-time American workers struggle to balance job duties with caregiver responsibilities.
- Twelve percent of caregivers (6.2 million) are aged 65 or older.
- Two-thirds to three-quarters of caregiving is provided without charge by family and friends. Unpaid caregivers provide about \$196 billion in uncompensated care each year.
- Workers’ absenteeism due to caregiving responsibilities annually costs employers \$29 billion.

- Employers' costs associated with loss and replacement of the 1/10 to 1/5 of working caregivers who leave because of caregiver responsibilities add up to an annual \$3.59 billion.
- Assistive technology reduces the risk of injury and helps to control medication.
- Assistive technology allows people with disabilities to "telework" from home. Assistive technology is key to implementing President Bush's proposed Access to Telework program.
- Assistive technology reduces reliance on public transportation.
- Assistive technology helps keep persons with disabilities and older persons living in their own homes.
- Assistive technology offers children with disabilities the ability to meet their full potential while reducing the need for paid assistance.

Providing low interest loans for assistive technology holds the promise of significantly lessening the burden on state agencies, in particular, in Medicaid, vocational rehabilitation, and special education programs because it provides an attractive financing option that is quick, offers a wide variety of financing options, and does not require a lot of paperwork. A low interest loan program will also take advantage of a public-private sector partnership between the Idaho Assistive Technology Project at the University of Idaho and Idaho's Banking Community, e.g., Zion's First National Bank and Key Bank of Idaho.

Disadvantages:

None

Budget Impact:

Establishing a low interest loan program will provide an attractive funding option for Idahoans with disabilities for purchasing assistive technology, which in turn will lessen the burden on state government. The low interest loan program for assistive technology will help the State of Idaho save taxpayer dollars in a number of areas, some of which are listed under "Advantages".

In a recent federally funded study, 200 elders were each provided with \$2600 worth of assistive technology, which resulted in a saving of \$17,438 in health care costs of each elder in just 18 months.

Assistive technology reduces the need for delivered meals and homemaker services. When determining the return-on-investment for the city of Chicago, the cost of the service savings was compared to the cost of the assistive technology equipment. *For the 45 clients that had been able to reduce or eliminate the need for services, the city would realize a total savings of \$867,531, and the return-on-investment in assistive technology would be 20:1.*

The Idaho Legislature will need to *obligate by letter a match* in order to make the state eligible to apply for this federal assistance. In order to create a stable funding base for the loan program, the state and federal shares would need to total between \$2 and \$3 million. **This would require a state match of between \$500,000 and \$750,000.** If the grant is awarded to Idaho, the state match will need to be appropriated during the following legislative session.

The IATP has already established a small loan program in partnership with Zion's First National Bank, Key Bank of Idaho and the Idaho Community Foundation. If funded, the IATP is prepared to continue the administration and oversight of the loan program.

The Idaho Assistive Technology Project at the University of Idaho has already written the grant application and is prepared to submit it to the U. S. Department of Education, National Institute on Disability Rehabilitation and Research as soon as the match is secured. Proposals are due in late spring.

Risks:

None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



HHS Intermediate Recommendation #4:

That taxes on tobacco and alcohol be increased significantly, provided that a significant portion of the revenue generated is dedicated to treatment and prevention of health problems associated with use of these products.

Basis for recommendation:

Raising prices on tobacco and alcohol is expected to reduce the number of smokers and drinkers. Revenue generated by proposed tax increases, however, is slated to go primarily to the state's general fund, rather than for treatment and prevention of health problems associated with tobacco and alcohol use. While tax increases alone will temporarily reduce usage, usage rates will rise again in the near future unless treatment/prevention alternatives are made available. To sustain the projected reductions in tobacco and alcohol use, comprehensive programs for treatment and prevention are needed.

Advantages:

Disadvantages:

Budget Impact:

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation



HEALTH & HUMAN SERVICES COMMITTEE LONG-TERM RECOMMENDATIONS

HHS Long-Term Recommendation #1:

That a mental health/substance abuse business plan be developed that clearly identifies the cost/benefit ratio of a comprehensive mental health /substance abuse delivery system for adults and children.

Basis for recommendation:

We strongly believe that the failure to deal with this area will result in ever-increasing and unsustainable cost increases throughout the private and public sectors. Currently, many individuals can only access the mental health and substance abuse systems through the correctional systems.

Advantages:

1. Reduction in expenditures in the judicial and correctional systems
2. Improved quality of life
3. Improved employee productivity

Disadvantages:

Budget Impact:

First year cost of study and evaluation is estimated at \$600,000, with the possibility of obtaining this funding from federal grants, the state insurance premium tax, alcohol tax and/or general funds. In the long term, we expect that the successful execution of this business plan will result in the following outcomes:

1. An offset in medical costs currently incurred in the Medicaid program as a result of untreated persistent and chronic mental health/substance abuse problems; and,
2. Avoidance of costs incurred in the correctional and judicial systems that result from untreated mental health and substance abuse problems.

Risks:

Unknown.

Obstacles:

1. Identifying a source of investment capital to develop the business plan
2. The current stigma that surrounds a mental health diagnosis
3. The complexity and difficulty of developing the business plan in a comprehensive nature that captures the interest of both the private and public sectors

Minority Opinion(s): None

Possible Implementation Vehicle: Unknown



HHS Long-Term Recommendation #2:

That, in recognition of the human life cycle, a statewide educational program be developed, focused on increasing the general population's knowledge and understanding of "end of life" issues, thereby improving the quality of decisions related to these issues.

Basis for recommendation:

In the absence of thoughtful and prospective medical decision-making, decisions made by friends or relatives may not be consistent with the patient's wishes. Failure to make informed "end of life" medical decisions often results in futile and expensive medical expenditures that are not necessarily in the patient's best interest.

Advantages:

1. This recommendation will ensure that more individuals have choice in "end of life" decisions.
2. A focus on palliative care may actually improve quality in the last stages of life, whereas heroic measures may actually cause unnecessary pain and suffering.
3. Better "end of life" decision-making will reduce medical expenditures that do not serve to improve the quality of life.
4. Better "end of life" decision-making will redistribute finite medical resources to more productive ends.

Disadvantages:

1. Medical decision-making might be perceived as being swayed by economics.
2. People may perceive that every reasonable effort would not be made to save lives.
3. There may be some difficulty in determining the point at which reasonable efforts have been exhausted.

Budget Impact:

Unknown.

Risks:

Unknown.

Obstacles:

Public perception

Alternatives:

Minority Opinion(s): None

Possible Implementation Vehicle: Unknown



HHS Long-Term Recommendation #3:

That the economic impact of merging the county medical indigency program with the state Medicaid program be investigated.

Basis for recommendation:

Counties are unduly burdened by the medically indigent program – it is difficult to administer and expensive to maintain. The patient population served by both programs is very similar.

Advantages:

1. Reduction in county administrative costs, with little increase in Medicaid administrative costs
2. May be able to gain federal match dollars

Disadvantages:

Because the program intent of the county indigent program differs somewhat from the Medicaid program, some additional program development would be required in the Medicaid program.

Budget Impact:

Unknown.

Risks:

Unknown.

Obstacles:

Public perception

Alternatives:

Minority Opinion(s): None

Possible Implementation Vehicle: Unknown



HHS Long-Term Recommendation #4:

That by the Year 2020, Idaho have a statewide home- and community-based service delivery system capable of providing appropriate and cost-effective assistive technology devices and services to any eligible person that needs them.

Basis For Recommendation:

By the Year 2020, Idaho needs to have a well-established system of home- and community-based services and have completed its shift away from institutional care. For this vision to become a reality, Idaho's home-based service delivery system should be designed to ensure that the most appropriate and cost-effective assistive technology is readily available to persons with disabilities and elders.

Along with a generous supply of qualified personal care providers, assistive technology is key to maintaining individuals with disabilities in their homes and communities and is a critical factor when moving people out of institutions and into their communities. Unfortunately, assistive technology is under-utilized in our state and Idaho's service delivery system does not yet have the capacity to provide quality assistive technology services.

Assistive technology is redefining what is possible for individuals with disabilities, older persons and their families. It includes such items as reachers, walkers, adaptive computer hardware and software, wheelchairs, electronic communication systems, wheelchair ramps, and thousands of other commercially available products.

Assistive technology allows persons with disabilities and older persons to be less dependent on entitlement programs and can help them to avoid entering publicly funded institutions. Assistive technology directly benefits:

- Adults with disabilities and their families;
- Students with disabilities and their parents;
- Family caregivers;
- Older persons with functional impairments and their families; and
- Direct care providers.

Advantages:

According to a recent federal study, the use of assistive technology slows the decline of functional abilities among persons with disabilities and older persons. Assistive technology:

- Helps keep persons with disabilities and older persons living in their own homes.
- Reduces the risk of injury and helps to control medication.
- Helps persons with disabilities to obtain and maintain employment.
- Allows people with disabilities to "tele-work" from home. Assistive technology is key to implementing President Bush's proposed Access to Tele-work program.
- Reduces reliance on public transportation.
- Benefits caregivers as well as disabled and elderly individuals.
 - Approximately 52 million Americans (about 31% of the adult population) take care of an elderly, disabled or chronically ill relative or friend.
 - 14.4 million full and part-time American workers struggle to balance job

duties with caregiver responsibilities.

- Twelve percent of caregivers (6.2 million) are aged 65 or older.
- Family and friends provide two-thirds to three-quarters of caregiving without charge. Unpaid caregivers provide about \$196 billion in uncompensated care each year.
- Workers' absenteeism due to caregiving responsibilities annually costs employers \$29 billion.
- Employers' costs associated with loss and replacement of the 1/10 to 1/5 of working caregivers who leave because of caregiver responsibilities add up to an annual \$3.59 billion.

Disadvantages:

None.

Budget Impact:

The greatest potential for saving state dollars is the early identification of persons with disabilities and older persons who are at "high risk" for being institutionalized and the provision of an assistive technology assessment, followed by the most appropriate and cost-effective assistive technology intervention.

Before any Idahoan with a disability is institutionalized, he/she should have full access to assistive technology devices and services in order to determine if expensive institutionalization can be avoided.

If possible, Idaho elders should be evaluated for their potential risk of being institutionalized while they are relatively young, e.g. 55 to 65 years of age. Waiting until the older person is about to enter nursing facilities is too late and decreases the likelihood that the assistive technology intervention will be effective.

According to the Office of Technology Assessment, "assistive devices can delay or prevent institutionalization, *resulting in enormous personal and financial savings.*" In a recent federally funded study, 200 elders were each provided with \$2600 worth of assistive technology, which resulted in a saving of \$17,438 in health care costs of each elder in just 18 months.

Assistive technology reduces the need for delivered meals and homemaker services. When determining the return-on-investment for the city of Chicago, the cost of the service savings was compared to the cost of the assistive technology equipment. *For the 45 clients that had been able to reduce or eliminate the need for services, the city would realize a total savings of \$867,531, and the return-on-investment in assistive technology would be 20:1.*

Risk:

None

Obstacles:

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicles: Unknown



HHS Long-Term Recommendation #5:

That Idaho State Code protecting the civil rights of Idahoans with disabilities be evaluated and corrected, as needed.

Basis for recommendation:

It is believed that current Idaho Code may not adequately protect the civil rights of Idahoans with disabilities. This recommendation will assure that Idahoans with disabilities are afforded basic civil rights protection similar to those provided on the basis of race, color, sex, national origin, age, and religion, thus guaranteeing Idahoans with disabilities equal opportunities in the State of Idaho and its local communities.

Idaho State Code has several sections that address and protect the rights of Idahoans with disabilities; however, they are scattered throughout different code sections. The Code should be consolidated into one section, which would be more user-friendly for Idahoans with disabilities, business, government agencies and the public as a whole.

The United States Supreme Court, over the last several years, has handed down decisions that have dramatically reduced the civil rights protection afforded Americans with disabilities. A number of these decisions were made under the eleventh amendment to the United States Constitution, which provide states with immunity from complying with parts of the Americans with Disabilities Act (ADA). The first step to fully protecting Idahoans with disabilities is to ensure their civil rights are clearly defined.

Advantages:

This will assure that Idahoans with disabilities are able to participate as equal citizens in all activities the State of Idaho has to offer. Incorporating people with disabilities fully into the mainstream of society will benefit the state economically, politically, and culturally.

Disadvantages:

Budget Impact:

Minimal

Risks:

Idahoans with disabilities could lose some current protections of their civil rights.

Obstacles:

1. Getting Idahoans without disabilities to overcome discriminatory stereotypes regarding people with disabilities.
2. Some may view civil rights as “special rights.” Business organizations may oppose this, because of perceived or real costs of implementation.
3. Many may view the ADA as adequate protection for people with disabilities.

Alternatives:

Do nothing.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 10

Health and Human Services Agendas and Minutes

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



HEALTH AND HUMAN SERVICES COMMITTEE

MEETING SCHEDULE

October 11, 2002

October 28, 2002

November 7, 2002

November 14, 2002

February 7, 2003

March 12, 2003

April 3, 2003

June 11, 2003



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
OCTOBER 11, 2002***

MEMBERS ATTENDING

Jack Riggs, Co Chair, Office of the Lt. Governor
John Kee, Co Chair, Magic Valley Regional Medical Center
Kara Craig, Children's Home Society
Nancy Vazquez, Idaho Department of Labor
Kelly Buckland, State Independent Living Council
Louise Shadduck

OTHERS ATTENDING

Karl Kurtz, Idaho Department of Health & Welfare
Bill Walker, Idaho Department of Health & Welfare
David Lehman, Office of the Governor
Sara Nye, Office of the Governor
Marilyn Sword, Developmental Disabilities Council
Laura Gleason, staff
Larry Hertling, staff

DISCUSSION

Jack Riggs opened the meeting by advising the Committee that the primary emphasis of the Committee's work should be on finding more efficient ways to spend the funds appropriated for health services. John Kee agreed and pointed out that the focus is efficiency in the usage of resources rather than an effort to cut services. Kelly Buckland commented that services need to be shifted away from a paternalistic approach that does not allow for self-determination on the part of disabled clients, adding that the system seems to force agencies to spend monies on services that individuals don't need in order to qualify for services that they do need. Louise Shadduck suggested that the Committee needs an educational session to familiarize itself with the task before it. Kara Craig expressed her belief that the focus should not be on cutting services, but rather on ways to be leaner about providing them – by reducing waste.

The Committee agreed that the focus of its work should remain on the customer – a determination of what services people need most, followed by an assessment of the budget

implications of providing those services. Some concern was expressed about the configuration of the committees in that some subjects cross over into other committee charters. The group decided that the Committee would deal primarily with the work of the agencies delineated under “Health & Human Services” on the state organizational charts provided earlier that day.

At the Chair’s request, DHW Director Karl Kurtz provided a handout to the Committee entitled “Health & Human Services”, which contains information on the Commission on Aging, Veterans Services, the Commission for the Blind and Visually Impaired, and the Department of Health & Welfare. Director Kurtz noted that the handout did not include information on the public health districts, but that these organizations are integral to the delivery of health services and should be included in the Committee’s work.

Department of Health & Welfare – Overview

Director Kurtz summarized services available at the Department of Health & Welfare (DHW), which employs 3000 people, and contains seven divisions: Health, Human Resources, Information and Technology Services, Medicaid, Welfare, Management Services and Family and Community Services.

Key points:

Division of Welfare

Determination of eligibility for 90% of DHW programs takes place in this division, which contains child support enforcement activities and the cash assistance program (Temporary Assistance to Families in Idaho – TAFI).

Each year the Department enforces child support orders of approximately \$140 million – nearly 100,000 cases.

The Committee questioned why DHW isn’t receiving compensation for the administrative funds expended to collect and disburse child support payments. Staff responded that this was being examined, but that there were concerns as to who would bear the cost of this.

Division of Medicaid

Includes licensing of facilities as well as payment of benefits.

Medicaid payments are outsourced to a private business named EDS, who pays approximately \$850 million in claims annually. Eligibility for services is determined by DHW staff and a live interface exists between DHW and EDS.

Because it has been estimated that outsourcing payment of claims is more costly than providing this service in-house, DHW is examining alternatives to this outsourcing, including providing the services in-house or the purchase of this service from other states that have already created the infrastructure for doing this. Considerable support was expressed for examining alternative data processing systems.

Division of Family and Community Services

Among the programs in this division are services dealing with child protection, foster care, adoptions, mental health and substance abuse services, developmental disabilities, domestic violence, as well as the state hospitals, and the Idaho State School and Hospital.

Concern was expressed in general about the disposition of habitual drug offenders, in that funding for community treatment approaches is shared with the federal government, whereas services provided through the Department of Corrections are supported solely through the general fund. It was suggested that this is an avenue that could be explored for cost savings.

Questions arose as to the rationale behind state operation of the state hospitals; it was reported that (a) this is required by early state law, (b) the state can provide these services for less than a private hospital and (c) no other facilities are equipped to provide the intensity of service required by the hospital residents.

Division of Information and Technology Services

DHW staff suggested that improvements in technology could streamline services and result in considerable savings to the state. The Committee asked DHW staff for a description of the information services being used at the Department, along with an analysis of what works and what does not and recommendations for improvements.

Department of Health & Welfare - Budget

Director Kurtz reported on the DHW budget, noting that 65-70% of the Department's appropriation is federal and that most of these federal appropriations have Maintenance of Effort (MOE) requirements – that is, that the State must spend no less than a specified amount (either the prior year's level of funding in a given program or an amount spent in a stipulated year) in order to be eligible for federal funds in that program. He added that in some cases, this is an “all or none” requirement – that is, a whole block grant could be lost if the State falls short of their MOE by even a small amount. Because of this, staff try to absorb funding cuts in programs that are not federally-matched in this way.

In response to a question from the Committee, DHW staff noted that the holdback of \$9.6 million state dollars would result in a loss of \$16 million federal dollars, resulting in a total loss of nearly \$26 million in community services.

Key Points:

The Committee questioned why the Department's personnel budget continues to increase at the same time staffing levels decrease; DHW staff reported that the increase in personnel costs can be attributed to fringe benefits. IDOL staff were asked to research the state's definition of fringe benefits and the rate at which these benefits are calculated.

Division of Medicaid

This represents the largest appropriation; these services are funded through a 30/70 state/federal match. 97% of this appropriation is used for the payment of services by 16,000 providers.

Public Health

These services are funded through a combination of state and federal funds; most of the funds are expended through contracts with the seven public health districts.

Division of Welfare

Funding for these services comes through a state/federal match; most of these funds are used for child care subsidies, cash assistance (TAFI) payments, and Assistance to the Aged and Disabled.

DHW staff noted that a “QUEST card” has replaced actual Food Stamps as the vehicle for paying childcare subsidies, receiving TAFI payments and purchasing items previously purchased with Food Stamps. The department is considering

this card for future use with Medicaid. Use of this concept has resulted in considerable cost savings.

Department of Health & Welfare – Strategic Plan

Director Kurtz concluded by summarizing the DHW Strategic Plan, outlining a two-phase realignment project currently underway to ensure that DHW is organized to maximize customer services.

Key Points:

In an effort to increase cost savings, increase accountability, and maximize internal consistency in service delivery, authority for program/policy implementation has been shifted from a system of seven regional directors to the division administrators of the respective programs. (See attached chart.) The role of the previous regional directors has become one of building community partnerships. Support services (human resources, Information Technology, fiscal services – including billing and collection services) have been consolidated from each of the seven regions and the three state institutions to three “hubs” serving the entire state. Expected completion of this phase of the realignment project – January 1, 2003.

The second phase of the realignment project will be the integration of services across program lines, using an “any door” approach, through which an applicant can enter and receive DHW-provided services, regardless of which specific program they are served by. Customers will participate in a single assessment and have a case plan, staffed by a team of DHW staff.

Considerable discussion took place about the impact of the recent budget holdback on DHW’s case management strategies and possible alternatives to these strategies. The Committee asked for additional information on Utilization Management and Case Management to better understand these issues.

DECISIONS MADE:

Committee members decided to take additional time to further familiarize themselves with the operations of DHW and other services related to health and human services before developing recommendations. The Committee also expressed interest in hearing more about procedures in place to streamline DHW services and reduce costs, as well as any that have been presented to and rejected by the Legislature.

ASSIGNMENTS MADE:

Assignment	To	Due Date
Information on DHW Information systems Description of systems What's working/What's Not Recommendations/Improvement	DHW	Next meeting
Information on employee benefit packages	IDOL staff	Next meeting
Lewin Group Report	DHW	To Committee members by 10/18
1996-97 Medicaid Reform Report	DHW	To Committee members by 10/18
Other reports/studies DHW believes would benefit Committee members	DHW	To Committee members by 10/18
Best Practices in Other States from NGA papers – an index of topics	Office of the Governor	To Committee members as soon as possible
DHW "Wish List" for improving services	DHW	Next meeting or as soon as possible thereafter
Convening of speakers for next meeting on following topics ➤ Idaho Council on Children's Mental Health ➤ Public Health Districts ➤ Utilization Management Pilot Project ➤ Analysis of state hospitals and ISSH, inc. assessment of adult mental health services within the state ➤ Self-Determination of services to people with disabilities ➤ Case Management (future meeting)	IDOL staff	Next meeting or as soon as possible thereafter

In recognition of the short timeframe between meetings, the Committee asked that DHW present those topics from the above list in which analyses/studies have already been completed; others can be presented at subsequent meetings.

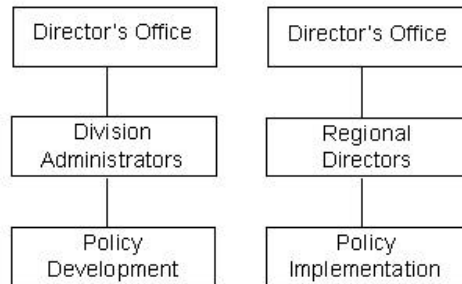
The Committee requested that staff arrange presentations to be conceptual overviews of 30 minutes or less at this point; additional information may be requested at a later date.

Next Steps:

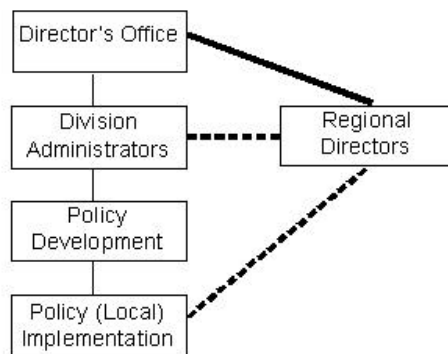
The next meeting of the Committee will be October 28, 8:30 – 5:00, at the Idaho Department of Labor.

Idaho Department of Health & Welfare

Old Line of Authority



New Line of Authority





Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

**MEETING LOCATION: IDAHO DEPARTMENT OF LABOR
UNEMPLOYMENT INSURANCE CONF. RM.
FIRST FLOOR**

MEETING DATE: OCTOBER 28, 2002

AGENDA

8:30	Welcome Introductions Review of Agenda	Jack Riggs John Kee Committee Co-Chairs
8:45	DHW Utilization Management Pilot Project	Alisa Axtman Project Mgr. Dept. of Health & Welfare
9:25	Idaho Council on Children's Mental Health	Chuck Halligan, Chief Bureau of Children's and Family Svs. Dept. of Health & Welfare
10:30	Break	
10:40	Analysis of State Mental Health Institutions & Adult Mental Health Services	Ken Deibert Administrator Divn of Family & Community Svs. Dept. of Health & Welfare
		Roy Sargeant, Chief Bureau of Mental Health & Substance Abuse Dept. of Health & Welfare

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

AGENDA (CONTINUED)
OCTOBER 28, 2002

11:30	Lunch	
12:30 p.m.	DHW Information Systems	Charlie Wright Administrator ITSD Services Dept. of Health & Welfare
1:20	Public Health Districts/Services	Carol Moehrle, Director North Central District Health Department
2:10	Recommendations for Cost-savings in the Delivery of Health Services	Scott Burpee Coordinator Coalition for Long Term Solutions
3:00	Break	
3:10	Self-Directed Services & Support - a Consumer-Driven Approach	Marilyn Sword Executive Director Idaho Council on Developmental Disabilities
		Tracy Warren Self-Determination Task Force
4:00	Soliciting/Receiving Public Input on Committee Work	Jack Riggs John Kee
4:30	General Discussion/Next Steps	Jack Riggs John Kee
5:00	Adjourn	

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
OCTOBER 28, 2002***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Office of the Lt. Governor
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kara Craig, Children's Home Society
Kelly Buckland, State Independent Living Council
Louise Shadduck

OTHERS PRESENT

Roger Madsen, Idaho Department of Labor
Karl Kurtz, Idaho Department of Health & Welfare (DHW)
Dave Humphrey, DHW
Joyce McRoberts, DHW
Bill Walker, DHW
Alisa Axtman, DHW
Chuck Halligan, DHW
Sara Nye, Office of the Governor
Ken Deibert, DHW
Roy Sargeant, DHW
Ray Laible, DHW
Jeff Harris, DHW
Charlie Wright, DHW
Heather Winter, DHW
Carol Moehrle, North Central Health Department
Judie Wright, Division of Financial Management
Patrick Hodges, State Controller's Office
Scott Burpee, Coalition for Long Term Solutions
Marilyn Sword, Idaho Council on Developmental Disabilities
Tracy Warren, Self-Determination Task Force
Cynthia Dunagan, Provider Affiliate Assn.
Katherine Hansen, Community Partnerships

Laura Gleason, Staff
Larry Hertling, Staff

The meeting was called to order at 9:00 by Committee Co-Chair Jack Riggs, followed by introductions and a review of the agenda.

Roger Madsen, Director, Idaho Department of Labor expressed his appreciation for the work the Committee is doing and offered the Department's assistance to the Committee in carrying out its tasks.

DISCUSSION

Department of Health and Welfare (DHW) Utilization Management Pilot Project

Alisa Axtman, DHW, provided the Committee a report on the Developmental Disabilities/Mental Health Services Delivery Project, often referred to as the Utilization Management Project, designed and implemented by DHW in response to legislative intent language drafted by the 2001 Idaho Legislature. The project focused on improving the quality of customer services and customer satisfaction, reducing the growth in Medicaid expenditures and creating stakeholder involvement in service delivery.

The Utilization Management Project is a business model that separates customer assessment and service planning from direct service delivery through the use of Independent Assessment Providers in an effort to address the conflict of interest cited by the Lewin Report when the same provider assesses a client's disability, develops a service plan to meet those needs, and then provides the services. Alisa noted that the purpose of utilization management is to assure the provision of the right services at the right time in the right setting and in the most cost-effective manner.

The Utilization Management Project was piloted from October 1, 2002 through June 30, 2002, providing services to 114 adult consumers. A contract was negotiated with the University of Idaho to act as the Independent Assessment Provider. The evaluation of the project revealed that utilization management significantly slowed the growth in Medicaid expenditures, that the Independent Assessment Provider was effective in assessing consumer needs and in negotiating and authorizing service plans and that opportunities for customer involvement in choosing appropriate services were improved. While consumer satisfaction with the project was high, service provider satisfaction was low, particularly in regards to the process used to determine the service budget.

Midway through the pilot, the 2002 Legislature was provided initial findings regarding the project. The Legislature directed DHW to finish the project, but not to expand the pilot. The Legislature also directed the Department to discontinue development of the automated system essential to support the model and to refrain from entering into an Independent Assessment Provider contract.

The Committee voiced general support for the utilization model and asked DHW about the current status of the Utilization Management Project. Director Kurtz indicated that the Department is in the process of working with the co-chairs of the Joint Finance-Appropriations Committee to obtain support to move forward with the utilization management concept.

Idaho Council on Children's Mental Health (ICCMH)

Chuck Halligan, DHW, provided an overview of the Idaho Council on Children's Mental Health, which was created pursuant to resolution of a law suit filed against the State of Idaho several years ago, based on inadequacies in the state's system for dealing with the needs of youth with serious emotional disturbances. The Council was created through Executive Order to oversee the creation and maintenance of a cohesive and coordinated system of services that emphasizes family involvement, community based services, and increased interagency coordination. DHW has been designated as the lead agency in establishing and coordinating community services to serve this population and the State Department of Education serves as the lead agency for educational services. Chuck noted that the ICCMH is a cabinet-level council whose membership is stipulated in the Executive Order which created it and that the Council is chaired by Lt. Governor Riggs.

Funding for ICCMH is provided by DHW. Twenty-five local councils have been created to oversee development of local systems of care, each of which is driven by the needs of the child and family, integrates family involvement into all aspects of service planning and delivery, is community based, and is built on interagency collaboration.

Chuck also distributed copies of a publication entitled, "A Parent's Guide to Children's Mental Health Services".

Requested Information

In response to a request from the Committee, Bill Walker, DHW, provided a handout containing information on expenditures and enrollments in Medicaid over the last ten years, noting that this material contained only part of the Committee's request and that the remaining material would be forwarded within a few days.

It was noted that the addition of the Women, Infants, and Children (WIC) program and the Children's Health Insurance Program (CHIP) over the last few years has increased the number of individuals eligible for and receiving Medicaid services. Other factors contributing to increases in expenditures have been the addition of individuals residing in veterans' homes, individuals served through the Aid to the Aged, Blind and Disabled (AABD) and changes in billing procedures for services to students.

Also in response to a request from the Committee, Sara Nye, Office of the Governor, provided the Committee with a series of handouts compiled by the National Governors' Association detailing best practices across the states for the delivery of health services. She referred Committee members to a website maintained by the National Governors' Association, which contains additional information – www.nga.org.

State Mental Health Institutions

Ken Deibert, DHW, provided an overview of Idaho's three state institutions- State Hospital North, State Hospital South, and the Idaho State School and Hospital. State Hospital South provides inpatient acute psychiatric and skilled nursing care to adults and adolescents with severe and persistent mental illness and has 90 adult psychiatric beds and 16 adolescent beds, as well as 30 skilled nursing beds.

State Hospital North provides inpatient treatment to adults with serious and persistent mental illness. A new facility was constructed on the campus of State Hospital North in 1995 that was designed originally to serve 30 chemically dependent and 30 mentally ill patients. Over the past two years, because of demand on the state's mental health system for psychiatric inpatient resources, State Hospital North has shifted resources from treating voluntary patients with chemical dependency disorders to an expanded role treating individuals with severe mental illness who are involuntarily committed. Because of the increased need to serve a more acute psychiatric population, the hospital staffing complement and facilities can only accommodate 50 patients.

Idaho State School and Hospital (ISSH) is a 115-bed Intermediate Care Facility for the Mentally Retarded, providing residential care to developmentally disabled persons who exhibit severe behavioral or medical problems. Both adults and adolescents are served at this facility. Currently there are 18 adolescents and 88 adults in residence. ISSH serves only those individuals who have no other placement options available to them due to severe behavioral or medical issues. In 1995 10% of the residents served were categorized as dangerous and aggressive; currently 60% of the residents are identified as in this way.

In response to Committee questions, Ken noted that psychiatric medical services continue to be difficult to obtain in Idaho. The Committee indicated that they would like additional information on each institution's yearly budget and information on how the cutbacks impacted each institution.

Adult Mental Health Services

Roy Sargeant, DHW, provided an overview of community mental health services. Roy noted that diagnosable mental illness occurs in 20% of the adult population in the United States at any one time, and that mental illness ranks second only to cardiovascular disease in terms of economic and quality-of-life impact. He added that this type of illness has a biological basis, that treatment is becoming more effective, and that community based treatment is the most effective. Although Idaho's suicide rate ranks among the top ten states, Idaho ranks as one of the lowest in terms of per capita spending on public mental health services.

Idaho operates a state operated service delivery system, with services delivered through community mental health programs in each of DHW's seven regions. Each region's services

include crisis response, evaluation, medication management, case management, psychosocial rehabilitation, assertive community treatment, and liaison services with the state institutions. The target population is adults with serious and persistent mental illness, such as schizophrenia. Approximately 8,000 to 10,000 adults are served annually. Unlike most states, Idaho's county governments do not financially participate in supporting services. Idaho has incorporated some of the most promising new approaches to effective treatment, such as assertive community treatment and psychosocial rehabilitation. In these approaches, the focus is on community reintegration and independent housing and employment.

DHW Information Systems

Jeff Harris, DHW, outlined the concept of "eGovernment" for the Committee, defining this as the leveraging of technology to be more efficient and effective in achieving the business goals of the Department. He then highlighted three phases of the Department's effort to improve its use of technology – the development of a common directory of participant information, the development of a system for common registration of individuals served, regardless of the specific program in which they are served, and the creation of a system that provides access to selected Department information by service providers. (See attachment)

Charlie Wright, DHW, then outlined the timetable for implementation of the revised data processing system, which will eventually replace the outsourcing of this system, noting that by 2004, all phases should be largely completed. He also pointed out that these improvements have been funded primarily with federal, rather than state, funds.

Co-Chair John Kee complimented DHW for the quality of the work underway.

Public Health Districts

Carol Moehrle, District Director of the North Central District Health Department, provided a briefing on the Idaho's seven Public Health Districts, which cover the same multi-county areas as the DHW districts. The health districts were established by the Legislature in 1970 to assure that preventive public health services are available to Idaho's 44 counties. In general, the seven districts offer similar services and these are as follows:

Environmental Health	Reproductive Health
Food Protection	Children's Special Health
Solid Waste	Program
Onsite Sewage	HIV/AIDS
Public Swimming Pools	School Health
Water Systems	
Day Care	Health Promotion
	Diabetes Prevention
Physical Health	Injury Prevention
Communicable Disease	Tobacco Prevention
Prevention	Car Seat/Safety Belt Promotion
Immunizations	Breast and Cervical Cancer
Women, Infants and Children	Screening
Nutrition	Public Health Preparedness

The Health Districts are funded through Public Health Fees 14%, State General Fund 23%, County Contributions 15%, Contracts 37% and Home Health Fees 11% (in Districts I, VI, and VII). The Health Districts are not state agencies or departments but are special districts created by the Legislature. While the Health Districts are not part of DHW, they have a close working relationship through the delivery of delegated and contracted public health programs.

Recommendations for Cost-Savings in the Delivery of Health Services

Scott Burpee, Director, Valley Vista Care Corporation, addressed the Committee reporting that a group of individuals providing services to the elderly and the mentally and the developmentally delayed populations had recently formed the “Coalition for Long Term Solutions”. This coalition was created in an effort to examine the current budget crisis in health services and to develop recommendations to address this crisis.

Scott provided Committee members with a copy of the Coalition’s report entitled, “Coalition for Long-Term Solutions, State Budget Saving Recommendations”, which is divided into three parts – short-term proposals, long-term proposals, and comments on announced cutbacks/holdbacks.

Considerable discussion took place about the impact of some of the cutbacks/holdbacks, specifically targeted case management.

Self-Directed Services & Support – a Consumer Driven Approach

Marilyn Sword, Executive Director of the Idaho Council on Developmental Disabilities, explained that the Council, comprised of 23 gubernatorial appointees, is authorized under state and federal laws to provide public education and awareness about developmental disabilities, promote quality services and support for individuals with developmental disabilities, monitor and evaluate policies, plans, and services provided by public agencies, to represent concerns of people with disabilities, and encourage citizen participation in public policymaking.

The Council has established the Idaho Task Force on Self-Determination to help develop a service system consistent with the concepts of self-determination. The Task Force has identified the following guiding principles for self-determination:

- ✧ All individuals shall be treated with dignity and honor.
- ✧ All individuals shall have authority and control over their life decisions.
- ✧ All individuals shall have the right to make and be responsible for their choices.

Tracy Warren, Self-Determination Task Force, noted that the self-reliance and self-directed approach will lead to demands for change in the current delivery system for the developmentally disabled. It will also require a change in thinking – a new belief that the individual has the capacity to choose what is best for them. Tracy presented a comparison on how a self-determination model would operate compared to the current developmental disability service delivery system. The self-determination concept builds on utilization management and allows for more individual control over allotted public resources and flexibility in the types of support that may be purchased from service providers. The four

essential elements to a participant-driven approach to a service system are individual budgets, a personal broker, a fiscal intermediary and freedom of choice of service provider.

It was suggested that this concept be piloted in a selected area of the state to test its feasibility.

In response to Committee questions regarding potential barriers to implementing the self-determination approach, Marilyn noted that some current service providers would be threatened by the change and would resist due to the fear of being put out of business. Also, to implement this model, the State would need to broaden the Medicaid waiver to allow for more flexibility and the State Medicaid plan would need to be revised. Kelly Buckland noted that one of the biggest changes and benefits to the model is that non-Medicaid-approved services could be purchased from non-approved providers.

Soliciting Public Input

Some discussion took place regarding the prospect of holding town meetings to solicit input from the public on the issues before the Committee and it was agreed that the Co-Chairs would discuss this with the Task Force Steering Committee. The Committee agreed that if town hall meetings were held that draft recommendations should be developed to which the public could respond in these forums.

The Co-Chairs also agreed to attempt to clarify the role of the Health Committee on those issues in which there is overlap with the work of other Task Force Committees (e.g., substance issues, which is both a health-related issue and an issue of public safety, as it relates to the correctional system).

DECISIONS MADE

The Committee agreed that while they had heard a number of viable ideas to effect cost-savings and/or cost-avoidance, one of the needed pieces of information is a baseline of costs for the services currently provided. DHW was asked to provide this information.

There was considerable discussion about the relationship between the Committee and a legislative task force appointed by the Speaker of the House to study Medicaid issues; it was agreed that while there is a need for communication between these two entities, the Committee should not limit itself to making only those recommendations that are consistent with those of the other body.

It was decided that additional information about the availability of health services is needed before the Committee can begin developing recommendations.

Copies of reports/handouts discussed at the meeting will be posted to the Task Force website, <http://www.idaho2020taskforce.us> where possible. Committee staff will make copies of other materials available upon request.

ASSIGNMENTS

Assignment	To	Due Date
Report from Independent Assessment Provider (IAP) used in Utilization Management Project	DHW	Prior to next meeting
Budget information for each state institution; Information on the effect of budget cutbacks by institution	DHW	Next meeting
Baseline costs of providing existing services	DHW	Next meeting
Convening of speakers for next meeting on following topics <ul style="list-style-type: none">✧ Medicaid<ul style="list-style-type: none">▪ Prescription usage▪ Healthy Connections✧ DHW Progress on Recommendations in Lewin Report✧ State Childrens' Health Insurance Program (SCHIP)✧ DHW Response to Report of Coalition for Long Term Solutions✧ Community Health Centers✧ Substance Abuse✧ County Indigent Services	IDOL staff	Prior to Next Meeting

NEXT STEPS

The next meeting of the Committee will be November 7, 2002 from 9:00 – 5:00.

Department of Health and Welfare **e-Government Projects Overview**

A-Med

Background	EPICS (Welfare and Medicaid eligibility system) was implemented in the mid 1980's. This legacy system has become difficult and costly to maintain; some enhancements required for our business are cost prohibitive to implement. Medicaid eligibility functionality is a trouble spot in the system. Field staff performs some work manually because the system does not support it.
Purpose	Implement an automated system for determining Medicaid eligibility and reengineer the associated business processes.
Future Opportunities	A complete replacement of the EPICS system in 5 years. Completing the project provides the Department with a solid foundation for replacing the EPICS system. It provides us with the tools, knowledge and experience required to achieve a major legacy system replacement.

Common Directory

Background	Each service delivery system in the Department had its own directory of clients. Clients served by one program/system were not known to other systems. This resulted in duplication of efforts by Department staff and added the burden on clients to provide duplicate information for each program they applied for. Cross program analysis was difficult and often impossible.
Purpose	Implement a common directory of clients for the Department. All persons applying for and receiving services from the Department will be entered into a single common database.
Future	Creates a link by client for all programs, making it possible to build an Enterprise Data Warehouse and examine data across programs.
Opportunities	Foundational functionality for the Common Registration and Enterprise Data Warehouse.

Common Registration

Background	The Department operates and maintains 8 major service delivery systems, all of which have registration functionality. This duplication of system code, needing personnel and contractor time to maintain separately, results in higher system maintenance costs.
Purpose	To implement a single system that meets the Department's needs for client registration for services and connect all service delivery systems to the Common Registration system.
Future	A single point of entry for all service delivery systems. Improved frontline service.
Opportunities	Creates opportunity for service delivery realignment and reengineering, resulting in cost savings: single entry point for services (one stop shop), providers enrolling clients directly into Medicaid and customer application through the internet.

Medicaid Fraud DSS

Background	Medicaid data is complex, creating a situation in which querying and data access through one-time reports is problematic. Report requests can take months to process. Medicaid fraud success is dependent on quick access to data. Because the AIM system, which contains the Medicaid data, is maintained by an offsite vendor direct access to the data limited.
Purpose	To implement a Decision Support System with improved access to simplified data, acquisition of query and analysis tools for accessing and working with data and to give Department staff appropriate and direct access to data.
Future	Completing this project provides the Department with the tools, knowledge and experience to development, maintain, staff and plan the Enterprise Data Warehouse.
Opportunities	Improved fraud investigation, program knowledge for executives for researching cost savings and access for front managers to the data needed to improve customer service.

Enterprise Data Warehouse

Background	An enterprise data warehouse provides the Department with the ability to turn data into information. The Department is data rich and information poor because there are currently limited cross program and Department reporting capabilities.
Purpose	To implement a Department Enterprise Data Warehouse, in which the Department's diverse program and support systems data are combined. This creates the opportunity for data marts, data mining and data exploratory systems.
Future	A 3 to 5 year project that provides complete access, reporting, querying and statistical analysis capabilities for all Departmental data.
Opportunities	Improved knowledge spanning programs creating opportunities for greater cost savings, preventative actions and improved customer service.

Web Access for Providers

Background	This is an effort to provide access to specific claim and program information to the Medicaid provider via electronic media in a cost efficient manner that will bring Idaho's Medicaid program even greater benefit from the MMIS investment Idaho has already made.
Purpose	The Medicaid Web Access for Providers project will develop an alternative method for Medicaid Providers to obtain information about the program, claims codes and status, payment processing status, and client eligibility.
Future	Completing the project provides the Department with a solid foundation for implementing future secured web sites and applications for Idaho citizens, partners, and providers. It provides us with the tools, knowledge and experience required to achieve an Internet presence geared toward serving our customers and supporting our business partners.
Opportunities	MWAP establishes a delivery mechanism to place A-Med in the providers' offices.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

**MEETING LOCATION: IDAHO DEPARTMENT OF HEALTH & WELFARE
7TH FLOOR CONFERENCE ROOM
450 WEST STATE
BOISE, ID**

MEETING DATE: THURSDAY, NOVEMBER 7, 2002

AGENDA

9:00	Welcome Introductions Review of Agenda	Jack Riggs John Kee Co- Chairs
9:10	Medicaid Prescription Usage	Shawna Kittridge Pharmacist Division of Medicaid DHW
	Healthy Connections	Marnie Basom Primary Care Physical Health Svs. Program Manager DHW
	DHW Progress on Lewin Group Recommendations	Kathleen Allyn Deputy Administrator Division of Medicaid DHW
	Response to the Report from the Coalition for Long Term Solutions	
10:30	Break	

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

10:40

State Children's Health Insurance Program
(SCHIP)

*Leslie Clement, Chief
Benefits and
Reimbursement
Policy Bureau, DHW*

11:30

Idaho Health Insurance Access Cards

*Kate Vanden Broek
Director, Idaho State
Planning Grant*

12:00

DHW – Plans for Streamlining Services
and Cost-Savings

*Karl Kurtz, Director
DHW*

1:00

Lunch

2:00

DHW – Plans for Streamlining Services
and Cost-Savings (continued, as necessary)

Karl Kurtz

Committee Discussion/Development of
Recommendations

*Jack Riggs
John Kee*

5:00

Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
NOVEMBER 7, 2002***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Office of the Lt. Governor
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kara Craig, Children's Home Society
Kelly Buckland, State Independent Living Council
Louise Shadduck
Nancy Vazquez, Canyon County Job Service

OTHERS PRESENT

Karl Kurtz, Idaho Department of Health & Welfare (DHW)	Laura Gleason, Staff
Bill Walker, DHW	Larry Hertling, Staff
Shawna Kittridge, DHW	
Marnie Basom, DHW	
Kathleen Allyn, DHW	
Leslie Clement, DHW	
Kate Vanden Broek, Idaho State Planning Grant	
Judie Wright, Division of Financial Management	
Patrick Hodges, State Controller's Office	
Thomas Young, DHW	
Randy May, DHW	
Joseph Brunson, DHW	
Eileen Farley	
Marilyn Sword, Idaho Council on Developmental Disabilities	
Tracy Warren, Self Determination Task Force	
Kari Quick, Community Partnerships	
Kathy Griffin, UCP	
Roger Howard, LINC	

The meeting was called to order at 9:00 by Committee Co-Chair Jack Riggs, followed by introductions and a review of the agenda.

Co-Chair Riggs referred Committee members to a copy of a “recommendation template” in their meeting packets, noting that this is the format that the Task Force expects Committees to use in the development of recommendations for Task Force consideration. He added that the full Task Force will vote on each recommendation brought forward by each Committee and that the recommendations the Task Force will deliberate on December 3 will be those of immediate consequence to the Governor and the Legislature.

DISCUSSION

Medicaid – Prescription Usage

Shawna Kittridge, DHW, provided an overview of DHW’s Medicaid pharmacy cost avoidance strategy. Shawna explained that drug expenditures were increasing overall and that nationwide Medicaid drug expenditures rose on an average of 15% annually from 1990 to 1998. Idaho’s Medicaid pharmacy expenditures totaled \$114.2 million in state fiscal year 2002 and this represents a 14% increase over the previous year.

Shawna cited three main factors contributing to the rapid rise in drug expenditures – an increase in the number of prescriptions dispensed, the higher cost of newer drugs and the higher costs of drugs in general. In an effort to address the rapid rise in Medicaid drug expenditures, DHW has implemented a pharmacy cost avoidance strategy. The cost avoidance strategy includes such elements as implementing decreased reimbursement rates and limiting early refills of prescriptions, requiring prior authorization for non-generic drugs, expanding reimbursement for generic products, review of clients with multiple prescriptions, tighter quantity override processes and prior authorization of selected therapeutic drugs. Additionally, DHW is implementing a *CyberFORMANCE* software program that will provide tools to better manage the Medicaid pharmacy program. DHW projects that with the cost avoidance strategies in place there will be a 3.4% increase in pharmacy expenditures in state fiscal year 2003, compared to the previous annual expenditure growth rate of approximately 15%.

Shawna noted that making changes in Medicaid expenditures is difficult due to many factors, including patient behavior, doctors’ prescribing habits, drug marketing, pharmacists’ behavior, and drug industry lobbying. DHW is moving forward with several efforts that include quality improvement studies, simplifying administrative processes, exploring opportunities for multi-state coordination, continuing to improve management tools and implementing evidence-based decision making, including the development of a preferred drug list.

In regards to the rapid rise in Medicaid prescription costs, the Committee had several discussions including the pros and cons of co-payment requirements, the changing attitudes and expectations in physician-patient relations, the impact of drug advertising, the potential for overall medical cost reductions due to improved drug interventions and the concern that the use of generic drugs will not work in all cases.

Healthy Connections

Marnie Basom, DHW, provided a report on Healthy Connections, a managed care program that links clients to a consistent health care provider. The program is designed to improve access for clients, reduce duplication of services, reduce occurrence of medical complications and promote timely service delivery to avoid more costly medical emergencies. Under the program, physicians are paid a monthly fee to administer services within the program.

As the Healthy Connections program has been effective in improving health care while reducing Medicaid costs, DHW has been promoting expansion of program services. Enrollment in the program has increased from 28.8% in July 2001 to 49.1% in November 2002. DHW projects that the Healthy Connections program will result in a \$34 million cost avoidance in Medicaid in 2003.

Marnie explained that currently Healthy Connections is a mandatory program in only 15 counties. One of the primary obstacles in expanding services is access to medical services. Medical services must be available 24 hours a day and medical providers must be willing to accept new Medicaid patients. In some of the larger counties, physician access is a critical issue that needs to be addressed before DHW can make participation mandatory.

DHW Progress on Lewin Group Recommendations

Kathleen Allyn, DHW, provided Committee members copies of a report prepared by DHW summarizing Department progress in implementing recommendations contained in the Lewin Group Report, issued in November, 2000 at the completion of an evaluation of Idaho's Medicaid program.

Kathleen noted that of the 18 recommendations contained in the report, 12 have already been completed by DHW and the other 6 are in progress. She added that the future is uncertain for one of the recommendations, that of "Implementing pharmaceutical co-payments ranging from \$.50 to \$1. . .", in that the Legislature turned down DHW's request for the \$500,000 it would take to enhance the automated system sufficiently to implement this recommendation.

The Committee discussed the effects of requiring co-pays on the consumer population, particularly low-income individuals.

DHW Response to Report from the Coalition for Long Term Solutions (CLTS)

Kathleen then presented a handout containing DHW's responses to the recommendations contained in a report issued by the Coalition for Long Term Solutions (CLTS), which had been presented and discussed at the prior meeting of the Committee. Although she did not go through each response individually, Kathleen did specifically address several, noting that although DHW was in agreement with some of the recommendations, the Department believes some of the cost-savings/avoidance projected by CLTS are high; Kathleen also pointed out that Department activity required by the Health Insurance Portability and Accountability Act (HIPAA) will delay implementation on some of the recommendations.

- As regards the CLTS recommendation to allow developmentally disabled clients to reduce unwanted or unnecessary services, DHW believes that this is in line with the recent pilot project in Region II, in which clients were assessed by an independent assessor who identifies the client's service needs and budget. In turn, the client, alone or with assistance, puts together a plan of services chosen by the client to meet his or her needs. The plan is reviewed by the independent assessor and, if it appears to meet the client's needs and is within budget, the plan is authorized by the independent assessor.

Kathleen noted that DHW agrees with maximizing client choice and is moving toward enabling consumers to be more self-directing in their service plans. DHW sees the main differences between the concept of Self-Determination, as proposed by the Idaho Council on Developmental Disabilities, and DHW's conclusions regarding the results of the DHW Utilization Management pilot project as the speed of proposed implementation and the degree of state control. DHW wants gradual implementation to have adequate safeguards for consumers and to maintain budget controls.

- As regards the recommendation to establish a Medicaid Transition Program, Kathleen indicated that, at the direction of the Governor, DHW has created a Community Integration Committee consisting of representatives from a number of state agencies and commissions, client advocates, recipients of services, and families of recipients. Through subcommittees, the committee is working to identify barriers to community integration, including the transition to less restrictive settings. The committee is developing a preliminary report, which is expected to be released soon.
- As regards the recommendation to implement a Medicaid Buy-In program, in which Medicaid-eligible individuals could continue to receive Medicaid benefits and would share in the cost of those benefits after going to work, Kathleen reported that DHW received a federal grant to create the infrastructure necessary to implement this concept. Through meetings with interested parties, a proposal was developed that would serve approximately 275 disabled adults at a total additional cost of \$1.2 million. Given the current state of the economy, DHW did not present the proposal to the Legislature, but convinced the federal government to allow the state to put the project on hold for a year without losing the grant. DHW will reassess going forward with the program in the fall of 2003.
- As regards the recommendation to redesign waivers, Kathleen stated that in general, waivers are available for individuals who would otherwise require institutionalization, if the state can demonstrate that the cost of providing community-based services would be less than for institutionalization. She added that a variety of waivers exist, each of which has been granted to address the needs of a particular population, and that in some cases, attempting to standardize the terms of the various waivers could disadvantage a particular population. She also pointed out, however, that DHW is reviewing waiver programs to see if more consistency among the waivers can be achieved without adverse affects on a particular population.

Considerable discussion took place regarding DHW's strategy for implementing state cutbacks/holdbacks by increasing the level of disability required for nursing home

services provided by the Aged and Physically Disabled Waiver and for services through the Developmental Disabilities Waiver. Committee members expressed concern that these changes could result in some current participants becoming homeless and cautioned DHW that they should closely monitor and attempt to minimize the impact of these strategies on those who will be adversely affected.

- Discussion also took place regarding a recommendation to reduce affiliation fees paid to residential habilitation agencies to oversee the operation of providers serving clients on the Developmental Disabilities waiver. Questions were raised as to what services are provided by these agencies and the extent to which affiliation fees are necessary. DHW believes that costs for these services are excessive for the amount of services provided and noted the planned reduction in fees applies only to the agency administrative fee; it does not apply to fees paid for services to clients. Co-Chair Riggs reminded Committee members that they all had received an email from an operator of a residential habilitation agency, who would like the opportunity to educate Committee members about the functions performed by these groups. This is something the Committee may take up at a later time.

State Children's Health Insurance Program (SCHIP)

Leslie Clement, DHW, provided an overview of the State Children's Health Insurance Program (SCHIP), which is comprised of two target groups - the traditional Medicaid (Title XIX) that addresses children at the lowest poverty levels and CHIP (Title XXI) that provides services to children in families at slightly higher poverty levels. In September 2002, 92,701 children were Medicaid eligible while 11,976 were CHIP eligible. Idaho has chosen to administer the CHIP program as a Medicaid expansion, meaning that both the Medicaid and CHIP eligible children receive the same benefits once enrolled into the program.

Leslie explained that the Legislature has directed DHW to end mass media promotion of the program and that enrollment into the CHIP program has slowed. However, data analysts project that 18% of Idahoans are uninsured, of which 24% are children. Leslie explained that the current Idaho State Planning Grant on the Uninsured has developed common elements that were supported by the original CHIP task force. These elements include increasing eligibility for services from the current 150% to 200% of federal poverty, reflect a public/private partnership with both participating in the funding, reimbursing providers through commercial products, and implementing cost sharing.

Idaho State Planning Grant Activities

Kate Vanden Broek, Idaho State Planning Grant (ISPG), explained the mission of the Idaho State Planning Grant on the Uninsured, provided a report on the economics of the uninsured, and explained the CHIP/Access Card proposal. The ISPG is charged with identifying and describing Idaho's uninsured, evaluating policy options, and developing a plan for providing access to insurance for all Idahoans.

Kate noted that 80% of Idaho's uninsured are working or are in working families, small businesses have difficulty in offering employee health insurance, uninsured costs burden

hospitals, counties, the state and are contributing to rising insurance premiums. Currently, county indigent funds pay for expensive acute and emergency care that may have been unnecessary if the patient had had earlier access to less expensive primary or preventive care. The county indigent funds are not federally matched and if these funds could be matched and utilized to partially fund insurance, more Idahoans would have access to less expensive primary/preventive health care.

Idaho's current CHIP eligibility is capped at 150% of federal poverty level; ISPG is proposing expansion of CHIP to 200% of the federal poverty level through a new program, which would expand Idaho's CHIP to the 200% level with some modifications in benefits and some cost sharing for those covered in the new program. The new program would also entail the creation of a new premium assistance program known as the "health insurance access card". The access card would enable families to purchase health insurance through employer-based dependent plans, private market coverage through child-only policies, or through subsidizing the dependent piece of private family coverage. This option would be available to families with incomes ranging from 133% to 200% of federal poverty levels. Parents would have the choice of enrolling in CHIP or the utilizing the access card to purchase health insurance.

It is envisioned that the new program would be phased in over time based on availability of state budget match. Kate noted that the new program is in the development stage and that several components of the access card will require significant further study and technical assistance before the program could be successfully implemented.

DHW – Plans for Streamlining Services and Cost-Savings

At the Committee's request, DHW Director Karl Kurtz provided a handout summarizing recommendations for which the Department is seeking Committee support.

1. Short-term recommendations (those affecting this year's legislative session) include (a) implementation of DHW's realignment, consolidation, and service integration plan, (b) the streamlining of information technology infrastructure and moving forward with e-government efforts, (c) implementation of DHW's business model for utilization management of developmental disability and mental health services (d) support for DHW's 3.5 percent holdback plan (e) maintenance of DHW's Health and Safety Assessment process as outlined in the DHW Strategic Plan, and (f) continued support for operation of State Hospital South, State Hospital North and ISSH.
2. Longer term goals (those for exploration over the next 3-5 years, if not longer) include (a) exploration of expansion of CHIP and development of a medically needy program, (b) implementation of a wellness strategy, (c) realignment of child support services, (d) further exploration of alternative care settings and financing, (e) realignment of the Idaho Child Care Program, (f) implementation of strategies to achieve goals outlined in the federal Adoption and Safe Families Act, and (g) authorization for DHW to use a "recruit-first" approach to hiring.

Director Kurtz pointed out that some of these recommendations could actually take longer than the 3-5 year projection reflected here. He also noted that DHW is heavily involved with a number of community groups in the determination of DHW priorities and the development of strategies and services. Discussion ensued about the cost-effectiveness of the Idaho State

School and Hospital, as well as the possibility and cost-effectiveness of privatizing these and other services.

Committee Discussion

The Committee began discussions about the development of recommendations for presentation to the Task Force on December 3.

After a brainstorming session to identify areas in which the Committee believed recommendations would be appropriate, a series of preliminary concepts were drafted for discussion at the next meeting of the Committee.

DECISIONS MADE

Some of the Committee members agreed to help flesh out recommendation concepts; Committee Co-Chairs asked staff to email copies of the recommendation templates containing these concepts to Committee members and, upon completion of the additional work by Committee members, to email out copies out to Committee members prior to the next meeting.

At the Committee's request, handouts referenced in these minutes may be found under "Related Documents" in the Health & Human Services portion of the Task Force website, <http://www.idaho2020taskforce.us>.

ASSIGNMENTS

Assignment	To	Due Date
Distribute copies of the recommendation template to Committee members (a) immediately after meeting and (b) after additional work is completed on these recommendations by Committee members	IDOL staff	Prior to next meeting

NEXT STEPS

The next meeting of the Committee will be November 14, 2002 in conjunction with the meeting of the full 2020 Blue Ribbon Task Force. In addition to the allotted Committee time during the Task Force meeting, the Committee will reconvene at the close of the Task Force meeting to continue discussions.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

**MEETING LOCATION: IDAHO DEPARTMENT OF INSURANCE
5TH FLOOR CONFERENCE ROOM
700 WEST STATE
BOISE, ID**

MEETING DATE: THURSDAY, NOVEMBER 14, 2002

AGENDA

8:30	Welcome Introductions Review of Agenda	Jack Riggs John Kee Co- Chairs
8:40	Development of Recommendations	Jack Riggs John Kee
10:30	Adjourn to full Task Force	
1:00	Development of Recommendations (cont)	Jack Riggs John Kee
3:00	Adjourn to full Task Force	
4:15	Development of Recommendations (cont)	Jack Riggs John Kee

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
NOVEMBER 14, 2002***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Office of the Lt. Governor
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kara Craig, Children's Home Society
Kelly Buckland, State Independent Living Council
Louise Shadduck
Nancy Vazquez, Canyon County Job Service

OTHERS PRESENT

Karl Kurtz, Idaho Department of Health & Welfare (DHW)	Laura Gleason, Staff
Bill Walker, DHW	Larry Hertling, Staff
Marilyn Sword, Idaho Council on Developmental Disabilities	
Jim Baugh, Co-Ad	
Judie Wright, DFM	
David Lehmann, Office of the Governor	
Bobby Ball, ADA Task Force	
Neena Smith, Tomorrow's Hope	
Shelly Holmes, Tomorrow's Hope	

The meeting was called to order at 9:00 by Committee Co-Chair Jack Riggs, followed by introductions and a review of the agenda.

POINTS OF DISCUSSION

Co-Chair Riggs referred Committee members to copies of draft recommendations in their meeting packets. He added that the full Task Force will vote on each recommendation brought forward by the five Committees and that the recommendations the Task Force will deliberate on December 3 will be those of immediate consequence to the Governor and the Legislature.

The Committee then discussed each draft recommendation, reviewing input from DHW and listening to input from individuals in attendance at the meeting. Staff incorporated the Committee's comments into the template required for presenting recommendations to the full 2020 Task Force.

The Committee developed draft recommendations on the following topics:

1. DHW Strategic Plan for Integration of Data Processing Systems
2. DHW Strategic Workplan For Consolidating Functions, Standardizing Business Systems, and Realigning Resources
3. Collection of Administrative Fees For Selected DHW Services
4. Medicaid Cost Report Settlements
5. Evaluating Affiliation Fees for Residential Habilitation Agencies
6. Requiring Safety Restraints for Minors in Vehicles
7. Increasing Public Health Districts' Immunization Hours
8. Increasing Enrollments in the Healthy Connections program
9. Fees paid to Primary Care Providers in the Healthy Connections Program
10. Implementation of a Medicaid Buy-In Program
11. Utilization of CHIP Access Cards
12. Utilization Management/Self Determination for People with Developmental Disabilities
13. Utilization Management for Medicaid Pharmacy Program

The Committee also discussed changes in eligibility for Medicaid services to the developmentally disabled as proposed by DHW as part of its efforts to address budget cutbacks/ holdbacks. The Committee deferred action on this topic pending further work by the Committee on the recommendation.

During the Committee's discussion, three additional topics were identified for further exploration as longer term recommendations: state employee recruitment and retention, assigning adult mental health services to the public health districts and requiring criminal background checks for day care providers. The Committee also agreed to recommend that the Legislature pass a Memorial requesting that the U.S. Congress reinstate the ban on direct advertising of pharmaceuticals.

Budget impact statements were missing for several of the recommendations; DHW staff were instructed to provide this information to Committee staff by 11/20, so that the Committee could transmit completed draft recommendations to Committee members by 11/22. Committee members agreed to review these materials and provide any final feedback to Committee staff by 11/25. Committee materials will then be consolidated into the work of other Task Force Committees for presentation to the full Task Force on December 3.

Committee members agreed to consider additional recommendations proposed by Committee members if these recommendations were sufficiently simple and supportable to warrant quick action by the Committee and if these were provided to Committee staff by 11/20 for distribution to other Committee members for review.

ASSIGNMENTS

Assignment	To	Due Date
Provide budget impact statements and other requested information to Committee staff	DHW staff	11/20
Provide any additional recommendations to Committee staff	Committee members	11/20
Distribute copies of the draft recommendations to Committee members	Committee staff	11/22
Provide final feedback to Committee staff	Committee members	11/25

NEXT STEPS

The Committee will review re-worked draft recommendations prior to the next meeting and will discuss the schedule for future meetings at the meeting of the full Task Force on December 3.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

**MEETING LOCATION: IDAHO DEPARTMENT OF LABOR
4TH FLOOR CONFERENCE ROOM
317 MAIN
BOISE, ID**

MEETING DATE: FRIDAY, FEBRUARY 7, 2003

AGENDA

9:30	Welcome Introductions Review of Agenda	Jack Riggs John Kee Co- Chairs
9:45	Discussion of the two recommendations rejected by the Task Force, for possible action	Jack Riggs John Kee
10:30	Consideration of any additional "short term" recommendations	Jack Riggs John Kee
12:30	LUNCH – On Your Own	
1:00	Discussion of "mid" and "long term" recommendations /concepts	Jack Riggs John Kee
2:30	Adjourn	

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
FEBRUARY 7, 2003***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Physician
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kara Craig, Children's Home Society
Bobby Ball, ADA Task Force, alternate for Kelly Buckland
Louise Shadduck
Nancy Vazquez, Canyon County Job Service

OTHERS PRESENT

Roger Madsen, Idaho Department of Labor
Karl Kurtz, Idaho Department of Health & Welfare (DHW)
Lois Bauer, Idaho Commission on Aging
Marilyn Sword, Idaho Council on Developmental Disabilities
Laura Gleason, Staff
Larry Hertling, Staff

The meeting was called to order at 9:45 a.m. by Committee Co-Chair Jack Riggs, followed by introductions and a review of the agenda.

POINTS OF DISCUSSION

Previously Developed Recommendations

The meeting began with a discussion of actions taken at the full Task Force meeting on December 3, 2003, at which two of the Committee's fourteen recommendations had been rejected by the Task Force. Discussion centered on whether to re-submit these two recommendations in a modified form.

1) Original Recommendation: That DHW investigate all opportunities to collect appropriate administrative fees for administrative services rendered (e.g., fees for receiving and disbursing child support payments), and where cost effective, collect such fees.

Committee members agreed that there appeared to have been some confusion among Task Force members as to who would be required to pay for the services rendered, with some people believing that in the case of the imposition of fees for collection and disbursement of child support payments, these fees would be assessed against the receiving spouse and child. Committee members also believed that the recommendation appeared to be too narrowly focused on the issue of child support enforcement, when the intent was for the recommendation to apply to other types of appropriate services as well. After some discussion, it was decided to re-submit the recommendation with clarification that fees would be assessed against the payer, rather than the recipient.

2) Original Recommendation: That the Idaho Legislature send a Joint Memorial to Congress, requesting that the previous federal ban on direct advertising of pharmaceuticals be reinstituted.

The Committee discussed their concerns that the original wording of this recommendation may have inappropriately infringed on pharmaceutical companies' rights to advertise and that the real issue should be one of developing mechanisms by which states can control government spending for costly prescription usage. The Committee expressed their belief that as long as pharmaceutical companies advertise directly to the public, consumers will continue to request and receive higher-cost prescriptions than necessary.

After some discussion, it was decided to modify the recommendation by requesting a prohibition against government payment for pharmaceuticals that are directly advertised to the public. This would allow pharmaceutical companies some choice in the marketing of their products, while still providing for some measure of control over the escalation of prescription costs in this state.

Committee members requested that staff arrange for a presentation at the next Committee meeting detailing what actions have been taken on Committee recommendations that were approved by the Task Force in December.

Update on Utilization Management for Persons with Developmental Disabilities and Mental Health Problems

At the request of Bobby Ball, ADA Task Force, Marilyn Sword, Director of the Idaho Council on Developmental Disabilities (ICDD) updated the Committee on progress made regarding implementation of a utilization management business plan for people with developmental disabilities and mental illness and specifically on the endorsement of a pilot project based on the concept of self-determination. Marilyn indicated that Comprehensive Advocacy, Inc. (CO-AD) had prepared a report to the Governor and Legislature, which she shared with Committee members and that a resolution that directs the ICDD to convene a task force to develop a waiver for a self-directed service delivery system for Idahoans with developmental disabilities had been introduced to the House Health & Welfare Committee. Marilyn provided the Committee a copy of the concurrent resolution. She indicated that the federal government is encouraging states to explore self-directed service models and that participation would be voluntary and limited to 200 participants. It is expected that hearings will take place on this in the near future. Marilyn added that no new money is being requested here, just approval for an alternative way of receiving services.

Marilyn noted that there could be some opposition to the resolution from some service providers who are concerned about losing potential business and that some have raised concerns about the cost of training DHW staff to administer the program. Marilyn indicated that the Governor's Office is supporting the resolution.

Bobby Ball presented a letter from Ronald Seiler, University of Idaho, to the Committee requesting support for the Idaho Assistive Technology Project (IATP) efforts to establish a permanent low interest loan program for assistive technology. Bobby indicated that this was a new federal program but that the program would require a 25% state general fund match. Nancy Vazquez noted that the program would provide assistance to individuals with disabilities in obtaining adaptive devices and that this would help the disabled stay in the home and avoid nursing homes. The Committee questioned the budget impact of this proposal and both Nancy and Bobby indicated that although this effort should result in significant cost avoidance in the long run, it would initially require a general fund investment. The Committee determined that they needed additional budget information from Mr. Seiler before acting on his proposal.

Lois Bauer, Idaho Commission on Aging, expressed some concerns about discussions taking place in the Government and Organizational Structure Committee regarding possible placement of the Commission on Aging under DHW.

In response to inquiries from Committee members as to the status of Task Force recommendations made in December, Idaho Department of Labor Director Roger Madsen informed the Committee that the Governor was very appreciative of the work of the Task Force and very interested in the Task Force's recommendations and had developed a mechanism to track action on each of these recommendations. He noted that he had attended a meeting of the Public Safety, Transportation, and Natural Resources (PSTNR) Committee the previous day and had heard a panel discussion on the juvenile justice system at which some concerns had been expressed regarding juvenile justice services offered by the DHW. He asked that staff arrange for PSTNR Committee staff to attend the HHS Committee meeting and provide an update of the PSTNR Committee's concerns. Director Madsen expressed his support for DHW in general and DHW Director Kurtz in particular.

Interim Recommendations

The Committee discussed whether to submit any interim recommendations to the full Task Force on April 4 and decided that the primary possibility here was the proposal being put forth by Ron Seiler regarding assistive technology. Concern was expressed that Mr. Seiler's request was time-sensitive in that the proposal for federal funds was due in late spring, which would necessitate legislative action during the current session and that April 4 action by the Task Force might be too late for that. Staff and Co-Chairs agreed to seek clarification about whether committees were authorized to act on a proposal without approval by the Task Force. Staff were requested to work with Mr. Seiler and determine the best way to get the requested information to the Committee – through attendance at the next Committee meeting or by conference call.

DHW Director Karl Kurtz discussed action that has been taken on some of the Committee's recommendations, noting that Task Force support has been helpful on such issues as utilization management on pharmacy management and utilization management for services to the developmentally disabled and mentally ill.

Some discussion took place about progress being made by DHW to integrate its data processing systems; it was noted that a proposal to centralize information technology services within state government would likely result in additional cost to the general fund in that much of DHW's costs are federally matched.

Director Kurtz projected that the current rate of increases in Medicaid enrollments/budgets will continue, especially with the potential of new populations being added, such as those that would be added with the proposed Medicaid Buy-In program. He noted that the continued growth of the Healthy Connections program could help stem some of the increase in expenditures.

Some discussion took place regarding the interrelationship of substance abuse and mental health and the fact that these services tend to be underfunded. It was noted that it can take several years before gains are realized from investments made for these services.

Long-term Recommendations

In response to a request from the Committee, Director Kurtz indicated that among DHW's future priorities are continuing integration of service delivery among the programs available through the Department and possible reform of Medicaid – based on proposals being put forth by the President; he added that the sustainability of the overall health care delivery system might be an appropriate issue for the Committee to undertake, as would the issue of long-term care for the elderly and disabled.

The Committee reviewed a previously-developed list of topics for future consideration.

It was noted that the issue of effective recruitment and retention of state employees was an issue of concern to all Task Force committees and might require future consideration.

On the issue of requiring criminal background checks for day care providers, it was pointed out that these checks are currently required only for providers of specified sizes. It was decided to make a general recommendation to the Task Force that all day care providers should have criminal background checks.

After additional discussion, the Committee decided that the major topics that the Committee will explore for long-term recommendations are mental health/substance abuse, long-term care, and the general health care delivery system.

Staff were instructed to arrange for presentations from the Governor's Office, from DHW, and from the Idaho Association of Counties on issues related to mental health/substance abuse, specifically in terms of numbers of individuals affected, resources available, and possible solutions to the escalating costs of providing these types of services.

Other

Gordon Graff, PSTNR Committee staff, attended the meeting as requested and summarized the events of the previous day at the PSTNR Committee meeting. Gordon noted that the juvenile justice panel convened by the PSTNR Committee had expressed appreciation for individual DHW employees, but had concerns with procedures at DHW that prevent a more active partnership with the juvenile justice system. He also indicated that the PSTNR Committee planned to develop a report of what they heard from the panel and share that with the HHS Committee.

Gordon added that a number of ideas for recommendations were discussed by the PSTNR Committee with the intent of involving the HHS Committee and DHW in their development. These ideas included:

- ✧ A request for a performance audit of DHW programs focusing on Family & Children's Services and whether substance abuse, mental health, and child protection programs might better function in a separate agency.
- ✧ Standards and training for probation officers.
- ✧ Examining confidentiality requirements with DHW and Corrections to see if barriers to partnerships could be overcome.
- ✧ The use of referees to assist with judicial caseloads.
- ✧ Modification of Section 33-207 of the Idaho Code to make parents more accountable for their children's attendance in school.
- ✧ Consolidation and clarification of juvenile offenses.

After hearing the summary of PSTNR discussions, HHS Committee members emphasized the need to include DHW in discussions of this nature and expressed a desire to further explore this issue.

ASSIGNMENTS

Assignment	To	Due Date
Arrange for a presentation at the next meeting on the status of HHS Committee recommendations approved by the Task Force on December 3.	IDOL Staff	Prior to the next meeting.
Revise wording on two previously-rejected recommendations for resubmission to Task Force	IDOL Staff	Prior to the next meeting.
Develop general recommendation on requirement that all day care providers have criminal background checks.	IDOL Staff	Prior to the next meeting.
Contact Ron Seiler to arrange for presentation to Committee on Assistive Technology proposal – through attendance at next meeting or on conference call.	IDOL Staff	
Arrange for presentations from the Governor's Office, from DHW, and from the Idaho Association of Counties on issues related to mental health/substance abuse, specifically in terms of numbers of individuals affected, resources available, and possible solutions to the escalating costs of providing these types of services.	IDOL Staff	

NEXT STEPS

In discussing possibilities for the next Committee meeting, staff were instructed to determine if time would be available at the next meeting of the full Task Force on April 4 for committees to meet individually; if not, another Committee meeting may be necessary before then to begin exploring the issues identified above for long term recommendations.

The meeting adjourned at 3:00.

Note: Copies of reports/handouts discussed at the meeting will be posted to the Task Force website, <http://www.idaho2020taskforce.us> where possible



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

MEETING LOCATION: CONFERENCE CALL

MEETING DATE: WEDNESDAY, MARCH 12, 2003

AGENDA

10:00	Welcome Introductions Review of Agenda	<i>Jack Riggs</i> <i>John Kee</i> <i>Co- Chairs</i>
10:05	Recommendations being resubmitted to the Task Force Collection of Administrative Fees by DHW Government Payment for Directly Advertised Pharmaceuticals	<i>Jack Riggs</i> <i>John Kee</i>
10:15	Recommendation for requiring criminal background checks for all day care providers	<i>Jack Riggs</i> <i>John Kee</i>
10:25	Idaho Assistive Technology Project – request for support/recommendation	<i>Ron Seiler,</i> <i>Idaho Assistive</i> <i>Technology</i> <i>Project</i>
10:40	Request from American Heart Association (possible)	<i>John Kee</i>
10:45	<i>Adjourn</i>	

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
MARCH 12, 2003***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Physician
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kelly Buckland, State Independent Living Council
Louise Shadduck
Nancy Vazquez, Canyon County Job Service

OTHERS PRESENT

Karl Kurtz, Idaho Department of Health & Welfare (DHW)
Lois Bauer, Idaho Commission on Aging
Ron Seiler, Idaho Assistive Technology Project
Mary MacConnell, American Heart Association
Laura Gleason, Staff
Katie Lamm, Staff

The meeting was called to order at 10:00 a.m. by Committee Co-Chair Jack Riggs, followed by introductions and a review of the agenda.

POINTS OF DISCUSSION

Previously Developed Recommendations

The meeting began with a review of revised versions of the two Committee recommendations that had been rejected by the Task Force in December.

Revised Recommendation: That DHW investigate all opportunities to collect appropriate administrative fees for administrative services and where cost effective, collect such fees. Fees will be imposed against the payer.

After some discussion, Committee members agreed to submit the recommendation back to the Task Force on April 4.

The Committee then discussed the other revised recommendation, dealing with the direct-to-consumer advertising of pharmaceuticals. After discussion, the Committee agreed to hold this recommendation for further study and not resubmit it to the Task Force on April 4.

Next, the Committee discussed a draft recommendation to require all childcare providers to complete criminal background checks on staff. After suggesting some changes to the language in the draft recommendation to clarify to whom the requirement would apply, the Committee agreed to move the recommendation forward for consideration by the Task Force on April 4.

Idaho Assistive Technology Project

Ron Seiler, Project Director for the Idaho Assistive Technology Project at the University of Idaho, requested the Committee's support in establishing a permanent low-interest financing program for assistive technology in Idaho.

Ron pointed out that the program would provide assistance to individuals with disabilities in obtaining adaptive devices that would help the disabled stay in the home and avoid institutionalization. He added this is a new federal program that requires a 25% state general fund match. Ron indicated that commitment is needed by the 2003 Legislature for obligation of the needed funds out of the 2004 legislative session.

Although the Committee had reviewed the proposal at its February meeting and supported this proposal in concept, additional information had been requested in regards to the budget impact of the program. In response to this request, Ron summarized research findings that had been mailed out to Committee members indicating that assistive technology can: reduce health care costs, help people avoid institutionalization, reduce the need for paid assistance, lessen the burden on family caregivers, reduce the need for delivered meals and homemaker services, reduce the risk of injury and help control medication, allow people with disabilities to work outside the home or telework from home, reduce reliance on public transportation, promote community living, reduce the need for special education aids, and reduce the cost of transition for students with disabilities.

The Committee agreed to recommend Task Force support for the assistive technology project and instructed Committee staff to work with Mr. Seiler to clarify language in the draft proposal, particularly in regards to long-term cost avoidance projections.

Request from American Heart Association

Mary MacConnell, American Heart Association (AHA), requested the Committee's support in getting a proposal passed by the Legislature to raise the tobacco tax to \$1 a pack to better address the health issues created by tobacco use. Several handouts that had been provided to Committee members by the AHA were discussed.

Mary indicated that the bill proposed by the AHA was defeated in the Legislature but that other bills still exist. Of primary concern to the AHA is that the revenue generated by proposed tax increases is slated to go primarily to the state's general fund, rather than for treatment and prevention of health problems associated with tobacco use. It is the belief of

the AHA that while a tobacco tax alone increase will temporarily reduce usage, usage rates will rise again shortly unless treatment/prevention alternatives are made available. The Committee agreed with the concerns raised by the AHA.

Kelly Buckland suggested that the Committee support an increase in the alcohol tax as well as the tobacco tax.

Committee staff were instructed to draft a recommendation that reflects the Committee's support for a significant increase in the tobacco and alcohol tax, provided the increased revenue is dedicated to treatment and prevention of health problems associated with usage of these two products. The Committee also expressed a concern that the Co-Chairs of the Revenue and Economic Development Committee be apprised of this recommendation before it is presented to the Full Task Force.

ASSIGNMENTS

Assignment	To	Due Date
Draft recommendations supporting an increase in the state's tobacco and alcohol tax	IDOL Staff	Week of March 17
Draft recommendation supporting the Idaho Assistive Technology Project	IDOL Staff, Ron Seiler	Week of March 17
Arrange for presentations from the Governor's Office and DHW on issues related to mental health/substance abuse, specifically in terms of numbers of individuals affected, resources available, and possible solutions to the escalating costs of providing these types of services.	IDOL Staff	Prior to next meeting.
Arrange for a panel that focuses on closing the gaps in the juvenile justice system, to include representatives from the court system, DHW, and the Department of Juvenile Corrections.	IDOL Staff	Prior to next meeting
Invite the Co-Chairs (and other interested members) of the Public Safety, Transportation, and Natural Resources Committee to attend the next HHS Committee meeting during the juvenile justice panel.	IDOL staff	Prior to next meeting
Arrange for a discussion of the merits of the organizational structure of DHW and a discussion of the general health care delivery system for the next meeting	IDOL and DHW staff	Prior to next meeting

NEXT STEPS

Staff will mail out copies of all four recommendations being submitted to the Task Force on April 4 to Committee members during the week of March 17 for final edits.

The next meeting of the Committee will be April 3, from 10:00 a.m. to 4:30 p.m.

The meeting adjourned at 11:00 a.m..

Note: Copies of reports/handouts discussed at the meeting will be posted to the Task Force website, <http://www.idaho2020taskforce.us> where possible



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

MEETING LOCATION: *IDAHO DEPARTMENT OF INSURANCE*
JOE R WILLIAMS BLDG
3RD FLOOR CONFERENCE ROOM
700 WEST STATE
BOISE, ID

MEETING DATE: *THURSDAY, APRIL 3, 2003*

AGENDA

10:00	Welcome Introductions Review of Agenda	Jack Riggs John Kee Co- Chairs
10:05	Juvenile Justice Panel – “Closing the Gaps in the Juvenile Justice System”	Patti Tobias, Idaho Supreme Court Hon. Keith Walker, Magistrate Judge, Fremont County Ken Deibert, Dept. of Health & Welfare Paul Carroll, Dept of Juvenile Corrections Dan Chadwick, Idaho Assn. of Counties Matt Olson, Idaho Assn. of County Juvenile Justice Administrators

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Noon

Lunch

1:00

Merits of the Organizational Structure of
the Department of Health & Welfare

Karl Kurtz

2:00

Substance Abuse— an overview
of issues and existing efforts

*Roberta Silva, Idaho State
Police*

3:30

The Health Care Delivery System
of America

Karl Kurtz

4:30

Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
APRIL 3, 2003***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Physician
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kelly Buckland, State Independent Living Council
Kara Craig, Idaho Children's Home
Nancy Vazquez, Canyon County Job Service

OTHERS PRESENT

Karl Kurtz, Idaho Department of Health & Welfare (DHW)
Ken Deibert, DHW
Paul Carroll, Idaho Department of Juvenile Corrections (DJC)
Larry Callicutt, DJC
Randy Tilley, Division of Financial Management
Judie Wright, Division of Financial Management
Sharon Burke, Idaho Supreme Court
Patty Tobias, Idaho Supreme Court
Megan Reinschmidt, Office of the Governor
Nancy Merrill, 2020 Committee on Public Safety, Transportation, and Natural Resources
Darci Yarrington, 2020 Committee on Public Safety, Transportation, and Natural Resources
Hon. Keith Walker, Magistrate, Camas County
Matt Olson, Idaho Assn. of County Juvenile Justice Administrators
Dan Chadwick, Idaho Assn. of Counties
Roberta Silva, Idaho State Police
Darrell Manning, Division of Financial Management
Eileen Farley, National Assn. for the Mentally Ill
Judy Welker, IDOL
Gordon Graff, IDOL
Laura Gleason, Staff
Katie Lamm, Staff

Co-Chair John McKee opened the meeting at 10:00 with a review of the agenda.

POINTS OF DISCUSSION

Juvenile Justice Panel

John introduced a panel convened to discuss issues of concern to the juvenile justice system. John reminded Committee members that a similar panel had been convened by the 2020 Committee on Public Safety, Transportation, and Natural Resources (PSTNR) in February, at which issues had been raised regarding coordination with the Department of Health & Welfare (DHW), noting that this panel is a follow-up to that panel, designed to further air issues of concern and provide DHW with an opportunity to respond. There was general consensus that there is a need to strengthen the juvenile justice system and that many of the challenges faced by the juvenile justice system are related to mental health concerns.

Ken Deibert, DHW, reported that there are approximately 73,000 children in Idaho with a diagnosable mental illness, 19,000 of which are classified as having serious emotional disturbances; of these, approximately 8,000 are eligible for DHW services, according to the federal definitions, of which 4,000 are served annually. Ken noted that eligibility criteria for DHW federal programs are often incongruent with other programs and therefore limits the Department's ability to meet needs identified by other partners in the juvenile justice system.

Matt Olson, Idaho Assn. of County Juvenile Justice Administrators, pointed out three areas - mental health issues, child protection, and serving the developmentally delayed - that account for the biggest drain in county probation resources and that many offenders also have substance abuse problems, which override the mental health needs within the system.

Judge Walker stressed that a magistrate's primary concern is helping the youth that come into the court, not the eligibility of that youth for a particular program; he suggested that a department should be created that dealt solely with children's issues and that could coordinate mental health, child protection, and juvenile justice resources, making all of these services available to youth in a seamless manner.

Paul Carroll, Department of Juvenile Corrections (DJC) noted that on the day of the meeting, 420 offenders were in the custody of the state, costing an average of \$60,000/year per individual. He added that DJC is working towards better coordination with the services offered by DHW, but that state legislation limits DJC to working with youth in state custody. County probation serves those not in state custody and provides aftercare to those released from state custody, but the limited amount of county funds restricts their ability to meet the needs of the system as well. Several panelists agreed that this has forced a "criminalization of delinquency/mental health issues" in order to access services - that is, if a county is unable to meet the needs of an otherwise needy youth, the youth is often charged with an offense that will remand them to the custody of the state, which makes them eligible for a broader range of services.

Dan Chadwick, Idaho Assn. of Counties, suggested that although the juvenile corrections system has seen considerable improvement in recent years, closing the gaps will require a

focus on better defining who is responsible for providing needed services and making the necessary resources available to allow that to happen.

Panelists agreed that the system needs to be better coordinated with the educational system and that even if a single agency were created to address all youth-related issues, inadequate funding would prevent all youth that need services from being served. Some panelists registered concern that too much of the current funding is being used for administrative purposes.

Those in attendance agreed that more funds should be made available for prevention, early identification, and community-based treatment, which would be less costly in the long run. Currently, there is very little money for mental illness prevention, early diagnosis, and treatment; this hasn't been the focus of the system.

Panelists agreed that in Idaho, the various youth-serving agencies lack congruent goals, and until a clear, unified mission and goals are defined, the system will remain fragmented and coordination will be difficult. Suggestions for improvement also included the development of standards of accountability and a broader focus for service delivery to include families of youth in the system.

A question was raised as to whether the different funding sources could be pooled to provide services through a "Department of Children's Services." It was reported that other states have tried this and been largely unsuccessful at integrating services because of the categorical nature of the funding, eligibility definitions, and the lack of consistent collection of data and management of programs. A question followed as to whether the State has any flexibility to pilot a program with pooled federal funding. In the absence of this flexibility, it was suggested that the State actively explore the possibility of obtaining needed waivers from the U.S. Department of Health & Human Services to conduct such a pilot.

The group agreed that oftentimes more effort is spent on process than on adequacy of outcomes and that more focus should be placed on determining which services best meet needs and then targeting the provision of those services.

Merits of the Organizational Structure of DHW

Karl Kurtz, DHW, handed out an organizational chart and reported that in an effort to increase cost savings, increase accountability and maximize internal consistency in service delivery within the Department, authority for program/policy implementation has been shifted from a system of seven regional directors to the division administrators of the respective programs. The role of the previous regional directors has become one of building community partnerships. Support services (human resources, information technology, fiscal services – including billing and collection services) have been consolidated from each of the seven regions and the three state institutions to three "hubs" serving the entire state.

The second phase of the realignment project will be the integration of services across program lines, using an "any door" approach, through which an applicant can enter and receive DHW-provided services, regardless of which specific program by which they are served. Customers will participate in a single assessment and have a case plan, staffed by a team of DHW staff.

The Department is currently in the process of developing a prototype of the “any door” concept, which will be piloted in three offices (one small, one medium-sized, and one large) by July 2004. This concept should help to address the perception of disjointedness between services to individual youth and services to families.

General Manning, Co-Chair of the 2020 Government Organization and Structure (GOS) Committee, commented that at one point, the GOS Committee had considered a recommendation to divide the existing DHW into smaller departments, but after learning more about efforts in place to improve service delivery, has elected to put this recommendation on hold. He also reported that the GOS Committee had drafted a recommendation that an independent study be conducted regarding the organizational structure and functions of the DHW, but indicated a willingness to delay submission of this to the full Task Force pending further discussion.

Nancy Merrill stressed the need for better coordination between DHW and other providers of juvenile justice services and outlined some of the PSTNR Committee’s recommendations about this issue; she added that the PSTNR Committee had also considered a recommendation to modify the structure of DHW, but was also willing to delay this pending further discussion.

After further discussion, the HHS Committee and the attending Co-Chairs of the GOS and PSTNR Committees agreed that it would be helpful to obtain an estimate from the Office of Performance Evaluation (OPE) as to how much an independent study of the organizational structure and functions of DHW would cost and whether OPE has the capability to do this. General Manning agreed to consult with OPE and bring information back to the HHS Committee for future consideration.

Substance Abuse

Roberta Silva, Idaho State Police, presented information on the Governor’s Interagency Substance Abuse Task Force convened in 2000 to work with stakeholders to develop a long-term comprehensive and coordinated substance abuse strategic plan for Idaho. The task force focused on a continuum of services including prevention, intervention, assessment, education, treatment, and aftercare.

In response to a question about whether the task force had identified any possibilities for pooling funds from the different agencies to operate programs, Roberta pointed out that the task force explored this option and found that it wasn’t possible, again because of the categorical nature of the funding and the different eligibility requirements. In light of budget shortfalls, the task force continues to prioritize the coordination of services as much as possible.

Health Care System

Karl Kurtz shared his concerns about the sustainability of the Medicaid program in light of current trends regarding resource utilization.

- Nationally, the 85+ population is predicted to double between 1990 and 2010. Based on Idaho's growth rate between 1990 – 2000, we can expect our 85+ population in 2010 to be 250% of the 1990 level.
- The average of all costs for a person in a nursing facility in Idaho in FY 01 was \$41,445.
- The average of all costs for a person on the Aged & Disabled Waiver in Idaho in FY 01 was \$23,500.
- The average prescription drug expenditures for a individual in a nursing facility in FY 01 was \$3600, while a person on the Aged & Disabled Waiver for the same period was \$4000.
- Estimates are that the nearly 25,000 Idahoans eligible for both Medicaid and Medicare will result in expenditures of approximately \$265,000,000 in FY 04. Prescription expenditures for this group are estimated at \$10,000,000.

DHW is exploring the possibility of the federal government assuming responsibility for prescription and long-term custodial care for individuals dually-eligible for Medicaid and Medicare. Karl reported that without this, a shift of similar fiscal responsibilities to the federal government, or a major swing in the local economy, Medicaid funds could be depleted as early as next year. DHW will be working with the U.S. Department of Health & Human Services regarding the design of the Medicaid program in Idaho in the near future.

Considerable discussion took place about ways to reduce the cost of health care. Concerns were expressed about the increasing difficulty employers, particularly small employers, are having insuring their employees and employees' dependents. It was suggested that the rising costs of insurance can be partially attributed to lack of personal accountability and the lack of a sense of personal responsibility to help stem health care costs. Speculation was that if individuals were required to share in the cost of health care to a greater degree, consumption would decrease, which would result in lower costs.

The Committee also discussed "end of life issues", noting that on the average, 80% of an individual's lifetime expenditures for health care occur in the last six months of life. The Committee agreed that the challenge here is finding ways to increase at-home care vs. institutional care, for reasons of both comfort and cost. There was also a consensus that a general shift away from institutional care to home-based and community-based care and prevention would be a major benefit to disabled individuals as well.

The Committee also agreed that part of the inefficiency of the health care system is due to the overlap between Medicaid and Medicare and that a more efficient system might merge the two systems, but that even if this happened, funding would still be insufficient to meet need.

Other

The meeting concluded with a discussion of whether there will be any opportunity for public input to the Committee/Task Force recommendations other than through the comments being submitted via the website. Staff suggested that this be brought up at the Task Force meeting the following day.

ASSIGNMENTS

Assignment	To	Due Date
No assignments were made at this time.		

NEXT STEPS

Committee members will be notified of the date for next meeting.

Note: Copies of reports/handouts discussed at the meeting will be posted to the Task Force website, <http://www.idaho2020taskforce.us> where possible



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON HEALTH & HUMAN SERVICES

**MEETING LOCATION: IDAHO DEPARTMENT OF LABOR
ANNEX CONFERENCE ROOM
219 S. THIRD ST.
BOISE, ID**

MEETING DATE: WEDNESDAY, JUNE 11, 2003

AGENDA

10:00	Welcome Introductions Review of Agenda	Jack Riggs John Kee Co- Chairs
10:15	Review of draft long-term recommendations	
	Mental Health/Substance Abuse	Kara Craig
	Substance Abuse Inpatient Care	Nancy Vazquez
	End of Life Issues	John Kee
12:00	LUNCH	
1:00	Medicaid Reform	John Kee
	Assistive Technology	Kelly Buckland
	Idahoans with Disabilities Act	Kelly Buckland
	Fiscal Intermediaries	Kelly Buckland
	Other Recommendations	
4:30	Adjourn	

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***HEALTH AND HUMAN SERVICES COMMITTEE
MEETING SUMMARY
JUNE 11, 2003***

MEMBERS PRESENT

Jack Riggs, Co-Chair, Physician
John Kee, Co-Chair, Magic Valley Regional Medical Center
Kelly Buckland, State Independent Living Council
Kara Craig, Idaho Children's Home
Nancy Vazquez, Canyon County Job Service

OTHERS PRESENT

Lois Bauer, Idaho Commission on Aging
Ken Deibert, Idaho Department of Health & Welfare (DHW)
Joseph Brunson DHW
Randy May, DHW
Joyce Mc Roberts, DHW
Laura Gleason, Staff
Katie Lamm, Staff

Co-Chair John Kee opened the meeting at 10:00 with a review of the agenda.

POINTS OF DISCUSSION

Co-Chair Kee referred Committee members to copies of draft recommendations in their meeting packets. He added that the full Task Force will vote on recommendations brought forward by the five Committees at a meeting on June 24, which is scheduled to be the last meeting of the Task Force. Once Committee recommendations are approved, a final report will be submitted to Governor Kempthorne.

The Committee then discussed each draft recommendation, considering input from DHW and others in attendance at the meeting.

The Committee agreed to submit the following recommendations to the Task Force:

1. That a mental health/substance abuse business plan be developed that clearly identifies the cost/benefit ratio of a comprehensive mental health/substance abuse delivery system for adults and children.

Discussion on this issue centered on the need for a consolidated effort between the public and private sector to address mental health/substance abuse concerns. It was suggested that mental health and substance abuse services are among the most underfunded services in the health care system. Committee members agreed that a collaborative effort addressing gaps in the system needs to be premised upon a quantitative analysis of the cost of mental health/substance abuse services that demonstrates that investments made in the short term will show a significant return in the long term in the form of cost avoidance and savings in other programs and to society in general.

2. That a statewide educational program be developed that focuses on increasing the general population's knowledge and understanding of "end of life" decisions.

Committee members agreed that the most crucial element for improving "end of life" decision-making is that of informed consent on the part of individuals, based on accurate, objective information. Discussion also included the notion that end of life decisions should be made sufficiently in advance of medical crises to ensure rational decision-making and that comfort for the patient and the economics of end of life care should be taken into consideration.

Lois Bauer, Idaho Commission on Aging, indicated that a group of interested organizations have begun discussing whether to seek funding to create a coalition designed to facilitate better understanding of end of life issues.

3. That the economic impact of merging the County medical indigency program with the state Medicaid program be investigated.

Discussion centered on the difficulties counties have in sustaining the county indigent program. DHW staff indicated that the feasibility of merging this program with the Medicaid program has been studied previously and that some counties seem to have concerns about the relinquishing control over some of these activities.

4. That Idaho State Code regarding the protection of the civil rights of Idahoans with disabilities be evaluated and corrected as needed.

The original recommendation considered by the Committee on this topic was the enactment of an Idahoans with Disabilities Act (IDA). It was suggested that this was needed because Idaho Code addressing the rights of Idahoans with disabilities is scattered throughout different code sections and that an IDA could consolidate these. There was also some concern that the United States Supreme Court, over the last several years, has handed down decisions that have dramatically reduced the civil rights protection afforded Americans with disabilities. A number of these decisions

were made under the eleventh amendment to the United States Constitution, which provides states with immunity from complying with parts of the ADA.

After considerable discussion, the Committee agreed that information available at that time was inadequate to support a recommendation for a new law, but that it would be appropriate to evaluate state law to (a) consolidate and simplify the Code regarding protections for Idahoans with disabilities and (b) once this is done, determine whether Idahoans have adequate protection under existing state law and make changes to Idaho Code as needed.

5. That by the Year 2020, Idaho have in place a statewide home- and community-based service delivery system capable of providing appropriate and cost-effective assistive technology devices and services to any eligible person that need them.

The Committee agreed to support this proposed recommendation in recognition of the considerable return on investment that could be realized by providing elderly people and people with disabilities with adaptive devices to assist them in obtaining and maintaining maximum independence.

Three additional recommendations were discussed but not endorsed by the committee.

1. That an Idahoans with Disabilities Act be enacted.

See # 4 above.

2. That Idaho insurance laws be modified to allow for the establishment of Fiscal Intermediary Organizations to allow the elderly and people with disabilities to have more control over services provided in their homes.

It was pointed out that there are currently organizations that act as “Fiscal Intermediaries” for personal assistance services provided to people with disabilities in their homes. The consumer is legally identified as the “Employer in Fact” and the Fiscal Intermediary is identified as the “Employer of Record”, which allows the consumer to direct the work of the in-home worker but not have to deal with the complexities of billing Medicaid, issuing payroll and performing payroll deductions, as those functions are performed by the Fiscal Intermediary. Fiscal intermediary organizations, however, have been unable to obtain liability insurance because they actually have limited control over the actions of the employees in the consumer’s home.

Committee members agreed that it was not likely that these organizations would ever be able to obtain insurance for the actions of employees without having control over those employees. Several different alternative arrangements were suggested, but there was general agreement that liability coverage and control would have to reside with the same entity. It was suggested that the Idaho Department of Labor might be able to provide guidance on this issue.

Because Committee members did not believe that the proposed separation of control and liability was a viable arrangement, the Committee did not endorse the proposed recommendation.

3. A recommendation to improve substance abuse inpatient care.

It was decided that this recommendation would be addressed as a part of the general recommendation on mental health/substance abuse.

Staff agreed to revise the recommendations to reflect changes made during the meeting and send the materials out for final review by Committee members prior to submitting them to Dwight Johnson for presentation to the Task Force at the June 24 meeting.

The meeting adjourned at 4:45.



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 11

Education Recommendations

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



EDUCATION COMMITTEE MEMBERSHIP

Millie Flandro - Co-Chair
School Administrator and Former Idaho Legislator, Pocatello

Dr. Rich Hagood - Co-Chair
President, Northwest Nazarene University, Nampa

Sam Byrd
Executive Director, Idaho Migrant Council, Boise

Steve Casey
Coeur d'Alene High School Principal
2000 Principal of the Year, Coeur d'Alene

Archie Clemens
Retired Admiral, U.S. Navy, President and COO, Caribou Technologies, Boise

Steve Hanks/John Roberts
Washington Group Int. Boise

Nancy Larsen,
Second Grade Teacher, Ramsey Elementary School
2000 Teacher of the Year, Coeur d'Alene

Jim McClure
Former U.S. Senator, Boise/McCall

Skip Oppenheimer
President & CEO, Oppenheimer Development, Boise

Jim Shackelford
Executive Director, Idaho Education Association, Boise

Ray Smelek
Chairman of the Board, Extended Systems Inc., Boise

Staff Support
Administrative Support, Idaho Department of Labor
Cheryl Brush
Tom Valasek

Division of Financial Management
Jeff Shinn
Jane McClaran

Subject Matter Experts

Gary Stivers, State Board of Education Executive Director

Bill Ruud, Boise State University



EDUCATION COMMITTEE PRELIMINARY RECOMMENDATIONS

ED PRELIMINARY RECOMMENDATION: #1

That the 2020 Blue Ribbon Task Force endorse the public statements of Governor Kempthorne that K-12 public schools and Idaho's colleges and universities be exempt from further cuts in any attempt to balance the FY 2003 and/or FY 2004 State General Fund budgets.

Basis for recommendation:

The Education Committee holds to the view that the expenditure of State funds for K-12 and higher education, as public policy, is an investment not an expense.

- ❑ U.S. Census data, reported in July 2002, demonstrates that there is a positive correlation between educational attainment and economic well being; for example, a high school graduate earns an annual average of \$25,900 compared with a person who did not graduate at \$18,900; a person with a bachelor's degree earned \$45,400.
- ❑ Idaho Department of Labor data show that the top five occupations in "highest demand" in Idaho require associate or bachelor degrees; ten of the fifteen "Fastest Growing Occupations" require a minimum of an associate degree, including each of the top eight occupations. Education is vital to Idaho economic development.
- ❑ Statistical studies demonstrate that, as a general rule, there is a positive correlation between low educational attainment and antisocial behaviors such as criminal activity, domestic dysfunction, and dependence upon state assistance for health and human services.

Recent budget cuts and "holdbacks," and all the more so any further reductions, jeopardize the ability of our schools, colleges and universities to meet the expectations that the citizens have for public education. While it may be counterintuitive, it is at those times of economic downturn that our citizens look to post-secondary education, particularly, for job training and further education. It would be shortsighted to limit these citizens' access to educational opportunity at a time when they most desperately need it.

Advantages:

- Initiates the policy view of education as an investment, not an expense
- Limits further erosion of capacity at a time when demand is high
- Promotes economic development by continuing investment in building a quality workforce that contributes to Idaho's growth

Disadvantages:

Budget Impact:

- No additional funds

Risks:

- Continued decline in capacity
- Retention and quality may be compromised

Obstacles:

- Limited revenues

Alternatives:

- Recommendations under development for the mid and long-term

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation

ED PRELIMINARY RECOMMENDATION #2

The Education Committee recommends, that the Governor's budget request for FY 2004 give high priority to the maintenance of current operations and funding of key initiatives in K-12 public schools and Idaho's colleges and universities as follows:

- (1) K-12 public schools: funding of the maintenance of current operations (MCO) budget with the appropriate inflation factor, continued support for the implementation of statewide standards and the reading initiative, and restoration of funding for the technology initiative; and
- (2) Colleges and universities: funding of the maintenance of current operations (MCO) budget with the appropriate inflation factor, restoration of funds to the Permanent Building Fund and authorization to proceed to construction for previously approved capital projects, and implementation of the State Board of Education initiative "Funding Equity Among Four-Year Institutions."

Basis for recommendation:

The greatest need in both K-12 public schools and Idaho's colleges and universities is for predictable and stable appropriations so that personnel and program decisions can be made in a timely manner and more effective management of allocations achieved. From an investment perspective, it is necessary for schools, colleges and universities to have reliable, growth funding to adapt to the changing, and expanding demands for educational services.

Idaho lags far behind other state investments in K-12 public education, ranking 46th in per student spending in 2000, or \$5386 per student compared to a national average investment of \$7292. While state investments in higher education were near average in 2001, \$5906 per student compared to a national average of \$5918, the state is ranked 33rd in the nation when considering combined tuition, fees and state investments (\$8,638 in Idaho and \$9329 nationally).

Previously the legislature granted funds to support technology and reading initiatives with promising results. Continued support for these initiatives will allow for updating of software and hardware investments and to implement a statewide system of testing, reporting, and communication. Further, continued funding is needed to complete the implementation of all six stages of the statewide standards directed by the legislature in 1994.

Funds previously authorized for planning and construction projects in Idaho's colleges and universities need to be restored in order to keep pace with the ongoing needs for facility expansion and upgrade. The case for each approved project has already been made through established processes.

Following an extensive analysis, the State Board of Education developed an equity funding proposal to which the institution presidents agreed, to establish a better funding balance among the State's four-year colleges and universities. The committee agrees with the determination by SBOE and the presidents that equity funding is the priority budget enhancement request for the next five years.

Advantages:

- Maintains current operations in K-12 and higher education with restoration of highest priority initiatives
- Allows for continuation of technology improvements for implementation of a statewide system for common communication with K-12 entities and implementing ISAT electronic testing and reporting
- Continues the steady increases in student progress resulting from implementation of the Idaho Reading Indicator (IRI)
- Improves the quality of K-12 education in Idaho via implementation of the full six stages of the standards process
- Restores critical building projects to address capacity at the states colleges and universities
- Initiates phase I to bring equity in funding to the state's university system

Disadvantages:

Budget Impact:

- | | |
|--|---------------------------|
| • K-12 inflationary increases | \$25 million (estimated) |
| • K-12 funds for achievement standards, including testing and accountability | \$0 (\$4 million in base) |
| • K-12 full funding reading | \$0 (\$3 million in base) |
| • Restore K-12 prior level funding for technology | \$ 7.0 million |
| • College/university inflationary increase | \$11.4 million |
| • Permanent Building Fund for SBOE projects | \$ 67.3 million |
| • Phase I of V of higher education equity funding | \$ 2.4 million |

Risks:

Obstacles:

- Revenue availability

Alternatives:

- Recommendations under development for the mid and long-term

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



EDUCATION COMMITTEE INTERMEDIATE RECOMMENDATIONS

ED INTERMEDIATE RECOMMENDATION: #1:

Educational Service Entities - That the state develop a program to assist school districts in sharing the costs of services and to help reduce costs, making more resources available for classroom instruction. Authorize the formation of educational service entities to provide shared services for administrative and financial efficiencies and to improve the quality and availability of specialized services to smaller and/or rural school districts in Idaho.

Basis for recommendation: Education service agencies, already in operation in over 30 states, assist school districts, charter schools, and in some cases private schools, improve student performance and increase efficiency and effectiveness of school operations. In Idaho, with 114 school districts, many of which are very small, it is difficult to provide the range and quality of services that assure each Idaho K-12 student is receiving an adequate and equitable education.

The structure of education service agencies varies widely and is set by statute. Services are funded either directly from state sources, through special program funding, or through cooperative agreements with local school districts. The range of services offered by existing service agencies is impressive, including as partial examples: specialized student services, transportation services, instructional services, administrative services, data collection and management, financial and business management services, information technology, etc.

Advantages: School districts that are challenged to provide the range of services that enhance student performance and afford the costs of numerous administrative and operational obligations will have access to services heretofore difficult to provide. Cost savings should be realized through cooperative agreements. Legislative studies for State of Washington (1982, 1995) affirmed educational service districts for “providing affordable, high-quality services to schools.”

Disadvantages: Some services or product providers in local communities may not be able to compete with vendors who are better equipped to provide lower cost services for a cooperative.

Budget Impact: Dependent upon the form and structure selected by the State. Could be as minimal as a reallocation of current school districts’ budget expenditures.

Risks: Could be seen as a bureaucratic layer in public education. Experience in many other states holds that properly organized and managed, educational service agencies enhance provision of services.

Obstacles: Fear that educational service agencies may mean loss of local control. Savings may not be realized from this option. There is a perception among some that savings to the state have already been achieved in this area.

Alternatives: Consolidation of rural school districts into countywide districts.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation

Examples: Oregon in 1993 (ORS 334.005)
Washington in 1969 (RCW 28A.310)
Other examples.



ED INTERMEDIATE RECOMMENDATION #2:

Facilities - Research the feasibility of a public-private partnership to solve the problem facing Idaho schools today. This study would determine the feasibility and most prudent approach such as a compatible-use partnership, a land-swap, tax-free leasing, tax-free construction bonds, or other creative methods to improve the condition of school infrastructure. The study would accomplish the following:

- Determine goals and objectives
- Collect and evaluate current conditions and needs data
- Review national and international case studies
- Investigate relevant existing legislation and identify opportunities
- If additional legislation is needed, outline requisite special legislation
- Prepare project strategic plan framework and process to achieve successful project implementation
- Establish next steps to include executing a pilot project to test approach

Basis for recommendation: Experience in the Federal Sector has proven the effectiveness of bringing the public and private sectors together to take advantage of what each does best. One of the problems faced in the Department of the Navy was the poor condition of military family housing. By originally studying and then implementing a Public-Private Venture or PPV, the Department of the Navy has realized over \$746 million in renovation and new construction for a Government investment of only \$159 million. This is almost five times as many homes in the same period of time as would have been available using traditional methods.

School systems all over the United States and Canada have experienced some of the same problems and now are reaping the benefits of public-private partnerships. States such as Texas, Florida, Virginia, South Carolina, and Georgia, just to name a few, have partnered with private entities to maximize tax-payer dollars, minimize government investment and improve schools in a fraction of the time and cost of traditional methods.

Advantages: As discussed above, advantages include maximizing taxpayer dollars, minimizing government liability and risk, and most importantly improving the education experience for the children of Idaho.

Disadvantages: The concept has never been implemented in the state of Idaho and, depending on the course of action, may need new legislation passed to accomplish. Additionally, an obvious disadvantage of implementing any new program is that doing something for the first time it is seldom easy.

Budget Impact: The short-term budget impact to perform the initial study will be minimal (\$60-\$90k) however the long-term benefits of an improved school infrastructure will more than likely pale in comparison. The long term budgetary impacts of implementing a public-private partnership include reductions in out-year operating expenses & upfront capital cost avoidance.

Risks: None noted.

Obstacles: Depending on the type of public-private partnership that is chosen as the most prudent, there may be a need to persuade the state legislature.

Alternatives: There are two alternatives. The first is to do nothing which is unacceptable. The second is to impose new taxes or increase existing taxes to increase state revenues while using traditional methods to repair, renovate, and re-build our school infrastructure.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



ED INTERMEDIATE RECOMMENDATION #3:

Teacher Quality and Retention - Attract the brightest new educators, retain skilled veteran educators, and increase expectations for performance through the following actions:

1. Raise the beginning teacher salary starting in 2004 to reach \$35,000 by 2008 and adjust the current scale to reflect this increased base to provide a professional wage for teachers and principals. Provide funding from the state to meet this salary increase.
2. Provide for, and encourage, alternative routes to teaching for second career professionals and retired military personnel.
3. Provide systematic, rigorous mentoring during the first years of teaching.
4. Lengthen the school year for educators to include: ongoing professional development and career advancement; scheduled collaboration time to analyze test data for increased student achievement of all children; and, training to meet expectations for future innovations in education.
5. Increase expectations for achievement through ongoing performance evaluations that inspire reflection on practice and verification of continued enhancement of professional knowledge.

Basis for recommendation: Increased expectations for student achievement are both reasonable and necessary to insure a strong foundation for Idaho's future. With continued enhancement, Idaho's citizenry will be assured that the most highly trained, proficient individuals prepare our children for a global society.

Current research provided for the nation, the Intermountain Region, and the state of Idaho indicate:

- Predictions for this decade show that Idaho will need 1,486 new teachers per year.
- Over the next decade, 63% of the current pool of teachers will be gone due to retirement and turnover.
- Nearly all districts in the state report they are experiencing an increase in demand for teachers.
- Nearly all districts in the state report they are having difficulty in hiring and recruiting teachers.
- Although it is less difficult to retain existing teachers, over one fourth of reporting districts say they are having some difficulty in retaining current educators.
- With 69% of reporting teachers being satisfied with their current positions, nearly 1/3 of teachers will be vulnerable to leaving the profession due to dissatisfaction.
- Teaching salaries in Idaho are significantly lower than the national average by 15%.
- Education graduates have an average salary consistently less than graduates of other majors.
- There will be a higher demand for educators in critical areas, such as: special education, computer education, gifted and talented, administration, mathematics, and science.

- Increased requirements to become, and continue as, an educator are being implemented and may actually decrease the available pool of educators.

Advantages: Policymakers and educators in Idaho have already initiated the process of improving education in the following ways:

- Idaho is a model for the nation in the development of achievement standards and assessments to assure that Idaho's children receive a balanced, comprehensive education.
- Idaho's Colleges of Education are adapting and revising programs to meet requirements of both federal legislation and Idaho's increased expectations for student performance.
- Idaho's MOST was established with the following mission and goals: "To maximize opportunities for student learning by putting a competent, caring, qualified teacher in every Idaho classroom."

Disadvantages: Changes to the current method of certifying new teachers and recertifying existing teachers will take time and study to implement; transition from the existing system to a redesigned system that supports higher expectations will require a plan for smooth implementation. Some current educators, who may not agree with increased expectations for professional enhancement and a longer school year, may choose to leave the profession.

Budget Impact: Will increase the state's responsibility in fulfilling this goal.

Risks: Changes to the current method of certifying new teachers and recertifying existing teachers will take time and study to implement; transition from the existing system to a redesigned system that supports higher expectations will require a plan for smooth implementation. Some current educators, who may not agree with increased expectations for professional enhancement and a longer school year, may choose to leave the profession.

Obstacles: Changes to the current method of certifying new teachers and recertifying existing teachers will take time and study to implement; transition from the existing system to a redesigned system that supports higher expectations will require a plan for smooth implementation. Some current educators, who may not agree with increased expectations for professional enhancement and a longer school year, may choose to leave the profession.

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation
State Rule Change



ED INTERMEDIATE Recommendation #4:

Achievement Standards - The 2020 Task Force, recalling the wisdom of the Idaho state constitution, which says, “The stability of a republican form of government depending mainly upon the intelligence of the people, it shall be the duty of the legislature of Idaho to establish and maintain a general, uniform and thorough system of public, free common schools,” recognizes that:

- The state of Idaho has recently adopted broad-sweeping achievement standards for virtually every grade and every curricula area in K-12 public schools;
- The goal of our state, and now a mandate from the federal government (via the “No Child Left Behind” Act), is to ensure all Idaho students meet those achievement standards by the time they graduate from high school;
- Certain students, including those who are geographically isolated, those who face family or socio-economic barriers, and those who have language or learning barriers or other characteristics that put them at risk of academic failure, require additional resources and support;
- Statewide assessments are currently being devised and piloted to determine the gaps between where Idaho students are and where they need to be by graduation; and
- The people of Idaho will support necessary activities to close those gaps for every child.

In response, the Task Force hereby recommends that the Governor, in partnership with legislative, business, education, and other leaders take all steps necessary to identify and provide the resources and other changes needed to ensure that every Idaho student will have the opportunity to meet, at a minimum, the state’s achievement standards by high school graduation.

Basis for recommendation: If Idaho is to reach the educational goals we have set for our students and ourselves, we must develop and implement a plan to identify how we are doing today and determine what must be done to achieve success tomorrow. By doing so we will better understand the scope of the challenges that lie before us and build public support for needed changes.

Advantages: A clear, concise identification of student achievement gaps is vital to developing further action plans

- Building support among policy leaders and the public will be easier to accomplish with such information and planning
- Future budget considerations will be connected to the precise needs of our communities and our schools

Budget Impact: Development of student assessment instruments is currently underway. As a result, continuing the resources already dedicated to this activity should be sufficient.

- There will likely be a cost attached to the task of determining the gaps in student achievement that will need to be eliminated and the most effective methods for narrowing those gaps in order to achieve our goals.
- The cost of enacting changes that will ensure each student meets the achievement standards will also need to be identified.

Risks: Without developing a thoughtful, comprehensive plan for ensuring each Idaho child is educationally successful we run the risk of not meeting our goals for our children.

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



EDUCATION COMMITTEE LONG-TERM RECOMMENDATIONS

ED LONG-TERM RECOMMENDATION #1:

College and University System for Idaho - That access to higher education opportunity be considered among the highest priorities for the State of Idaho—pointing to the year 2020—and that intermediate steps be taken to create governance and administrative structures that will facilitate that access while also increasing operational efficiencies.

Certain levels of policy and operational efficiencies in Idaho higher education are currently realized through the efforts of the State Board of Education. Other efficiencies are realized by the use of various budget methodologies used by both the executive and legislative branches of government. From a methodology standpoint, it is likely that additional efficiencies can only be realized by changes in the governance and administrative structures for higher education in Idaho.

It is recommended that the State of Idaho move to a college and university system, to include all two-year and four-year public colleges and universities. The College and University System for Idaho would feature:

- (1) A statewide system of two-year and four-year colleges and universities providing both campus and distance learning opportunities,
- (2) A board of regents with singular responsibilities for higher education,
- (3) The allocation of constitutional and legislative rights now enjoyed by the University of Idaho to the College and University System for Idaho, and
- (4) Retention of the institutional identity by each campus for such purposes as admissions, marketing, athletics, etc.

Basis for recommendation: As the Education Committee has attempted to analyze a variety of methods by which increased access and greater efficiencies can be had in Idaho higher education, we have chosen to approach the issue from a policy perspective. This approach is similar, we believe, to that used by the Executive and Legislative branches of Idaho government. Beyond the budget allocation method of rewarding, or forcing, operational efficiencies, we believe the State would also be served by putting structures and systems in place designed to create a “policy or decision-making environment” that would promote access, collaboration and operational efficiencies. We believe with the appropriate governance and administrative structures in place, persons with the best information and greatest accountability will be able to identify ways in which the State can be better served in higher education, with greater efficiency.

Increased Access to Higher Education - Many states have realized considerable benefit from statewide community college systems with either easily accessible campuses or distance learning capabilities. Access is the key to increasing the educational attainment of our residents. Idaho’s community college system needs to extend its geographical coverage to all regions of the state and be administered as a coordinated system within the College and University System for Idaho. This will require a decision as to the expansion in the number of colleges and what to do with the community college functions at Idaho State University, Boise State University, and Lewis-Clark State College. Additionally, the four-year institutions would realize the potential to expand

their distance learning offerings, as certain technologies become more available and less expensive. To ensure the greatest access to higher education, Idaho would also increase scholarship opportunities such that no one is denied a higher education because of financial limitations.

Board of Regents for Higher Education - The complexity of higher education issues, and the vast differences between the governance of public schools (K-12) and that of colleges and universities, commends the formation of a separate Board of Regents for the whole of higher education in Idaho. A vast majority of states have reached this conclusion. While there is something to be said for the necessity of coordination between K-12, higher education, and other state educational agencies and services, the greater policy issue facing the State now is the demand for greater collaboration, improved access to service, and improved efficiencies within higher education.

Allocation of Constitutional and Legislative Rights - The University of Idaho enjoys certain constitutional and legislative rights by virtue of its inclusion in the Constitution of the State of Idaho. This recommendation suggests, by all appropriate means, to allocate those rights to the College and University System for Idaho. In addition, the system would need to have access to the funding flexibility granted the University of Idaho and with the authority to charge tuition.

Advantages: This approach combines the benefit of a centralized administrative system, with its attendant accountability, with the benefit of using the knowledge and expertise of professionals in the field to determine methodologies.

Disadvantages: Long held loyalties and patterns of operation will require considerable political will to implement. Reliance upon the governance structures and administrative systems to produce greater efficiency may be more optimistic than some persons are willing to risk.

Budget Impact: Dependent upon the form and structures used for implementation. Inasmuch as access is one of the key goals, as well as governance and operational efficiencies, positive budget impact may be more indirect—as in additional state revenues from higher earnings of graduates.

Risks: Could be seen as a bureaucratic layer in public higher education. Experience in many states holds that properly structured and managed, state systems can be effective in increasing access to education services and enhancing operational efficiencies.

Obstacles: Concern that traditional institutional identities would be lost. The potential for change in role and mission of some colleges and universities.

Alternatives:

Minority Opinion(s): None

Possible Implementation Vehicle: Governor's Action, State Legislation, Constitutional Amendment



ED LONG-TERM RECOMMENDATION #2:

College and University System for Idaho Administrative Structure - That the Board of Regents for Higher Education determine and take action to implement the optimum administrative structure for the College and University System for Idaho.

Basis for recommendation: During the deliberations, it is recommended that the Board of Regents consider as an option a single administrative structure whereby the College and University System for Idaho would be administered by a chief executive officer bearing an appropriate title such as president or chancellor, and a single set of deans. Each campus would have a campus chief operating officer accountable to the system chief executive officer.

Advantages: To be determined during deliberations

Disadvantages: None

Budget Impact: To be determined.

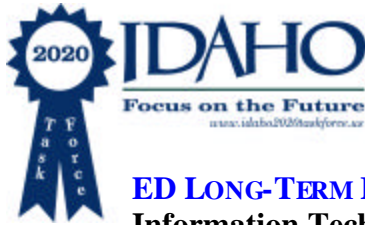
Risks: None noted

Obstacles: If determined to have merit, implementation of the change would be difficult.

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation



ED LONG-TERM RECOMMENDATION #3:

Information Technology in the Idaho Schools - In order for Idaho to achieve its goal of "No Child Left Behind," to provide all students with the technology education needed by the workforce of 2008, and to meet the mandated computer technical competency standards for teachers by 2006 our state must develop and execute an Information Technology strategy that incorporates the following tenets by 2008:

- All classrooms for K-12 must have adequate computer capability, and all students in Grades 6-12 must have a laptop computer on their desk, with high school students, and selected middle school students, permitted to take the computers home at night.
- All schools must have a wireless Local Area Network with at least 802.11G (54 mbs) capability in every classroom.
- All schools must have high-speed access to the Internet with sufficient external bandwidth.
- In conjunction with the separate recommendation that the minimum starting salaries for new teachers be raised to \$35K by 2008, all teachers by 2008 must have the equipment, technical support, and training to be able to utilize interactive electronic media as a primary method of instruction. Their ability to do this should be a consideration for merit pay and increased salary.
- Courses must be integrated with basic Internet research and software programs: word processing, spreadsheet analysis, basic presentations, and database manipulation. If appropriate, software such as that employed by accountants, CAD designers, graphic artists, art and photography studios, etc. should be part of the curriculum.
- Equipment and Software must be refreshed at a rate which is concurrent with that of the commercial sector.

Basis for recommendation: As the economy of the State of Idaho inexorably shifts away from its historical base in natural resources, we are faced with a great challenge. How do we prepare the next generation for this age of globalization? The answer, to a large extent, lies in Information Technology. By the start of the next decade it will be a key differentiator for our workforce, and perhaps even more importantly, it could be the bridge that allows rural areas within the state to become critical entrepreneurial enterprise zones. Without a strong background in information technology the 'best and the brightest' of the next generation will either migrate to larger cities or, in the worst case, leave the state for better job opportunities.

Unfortunately, information technology is presently being implemented in a disjointed fashion. With the noted exception of the Albertson Foundation and some isolated pockets of excellence, the following conditions exist:

- In some of the smaller rural schools, over 40% of the students do not have computers in their homes; even in the larger metropolitan areas approximately one-third of the students do not have computers at home.
- The teaching curricula in the Universities do not train teachers how to teach with technology, and consequently teachers feel threatened by the technology.
- There is no coordinated technology refresh program for most schools.

- There is no overall technical support plan for the existing technology.
- Many of the computer operating systems in use today are at least three upgrades behind the most modern one.
- There is no Idaho school that requires students to have computers and be logged into the Local Area Network that would facilitate collaborative learning in the classroom.
- The larger school districts have computer laboratories in the schools, which students can use about two hours per week (and which are not available for about six weeks per year when the achievement tests are being given), but they do not have computers for every class.

The Proposed Information Technology Strategy for 2008 will bring the following solutions:

- The educational advancement of Idaho's population for whom English is a second language will be greatly enhanced by their ability to learn from and use information technology.
- Teachers can be most effective in helping each child to reach their fullest potential through the use of information technology. From the child who needs remedial instruction to the accelerated student who is working two levels above grade, one teacher can effectively teach these widely divergence students within a single classroom.
- Information Technology will be a 'real' basic skill of all high school graduates.

During recent visits to rural and urban area schools, including grade schools, middle schools and high schools, isolated glimpses of the possibility were evident. Third graders were observed mentoring first graders in a computer laboratory, fifth graders stated the number one enhancement to their education would be having a laptop on their desk (which they had been able to have for only one month), and a high school Spanish teacher said that student grades had increased 15% since he started using collaborative information technology to teach Spanish. This is only a microcosm of the realm of possibilities.

Advantages: An executable Information Technology strategy for our schools can and will solve many of the social problems created by the unemployable. A strategy with the above tenets will ensure Idaho has the workforce needed to meet the economic challenges of the future.

Disadvantages: It will require a coordinated effort by Government, higher education, schools, teachers, families, and industry. It will require innovation and managing change.

Budget Impact: This will have to be studied and measured after the fact. It will take creative financing in some form. Whatever method is decided upon to fund it, it must have recurring refresh built into the procurements, leases, etc. so that at least 60,000 computers are refreshed each year.

Risks: The only risk is in NOT implementing it. Failure to act will result in an unemployable workforce, one that is trained for industries that won't exist in 2020.

Obstacles: The primary obstacle is that people will focus only on the single question of "How can we afford it"? This question misses the point. We have reached a critical point in history; we must act now and our strategy must reflect that we are going forward.

Once it is decided that we (the people of the State of Idaho) are moving forward to implement a coherent information technology plan, then the debate will be focused on the 'how' rather than on 'if' and 'when'. We must be convincing that there is a 'HOW' for our 246,000 K-12 students. We cannot not afford to do this!

Alternatives: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation, State Rule Change



ED LONG-TERM RECOMMENDATION #4:

Improving the Academic Achievement and Success of Latino and English Language Learners (ELLs) - Native-born Latinos will account for 14 million new workers in the next 25 years (Pew Hispanic Center, 2002). Having this community fluent in English and successfully completing high school is probably the single greatest challenge facing K-12 education over the next 20 years. To address this issue the following actions are recommended:

- School districts with high numbers of ELL and Latino students should receive adequate funding to meet the educational needs of these students.
- School districts should be required to submit annual plans for ELL and Latino students that are based on researched-based approaches to English language acquisition and improved academic performance. All programs and practices should be expected to result in improved student achievement.
- Program models should minimize pulling students out of subject matter classes, limit over-reliance on para-professional educational assistants to teach ELL students, and provide for rigorous language use across the curriculum. Based on research, the indicators for effective programs for ELL students as summarized by Samway and McKeon, (1999) include:
 1. High expectations are held for students.
 2. Language and subject matter development are integrated.
 3. Concept development in the native language is supported.
 4. Comprehensive staff development for all faculty and staff is provided.
 5. The entire school environment supports ELLs.
 6. Active support from school leaders.
- Require professional development opportunities for new and current teachers, librarians, aides, and administrators to improve their skills when working with culturally and linguistically diverse students. All teachers should be knowledgeable with second language acquisition theory, and competent in adapting instruction for students of varying levels of English language proficiency.
- Provide challenging and appropriate learning opportunities for Latino and ELL students by using effective teaching and assessment practices. Appropriate learning opportunities for Latino and ELL students need to be in place prior to measuring students' achievement through high stakes assessment. Based on research, these opportunities should include:
 1. Recognition and inclusion of cultural relevant background.
 2. Making content relevant to students.
 3. Interaction with peers.
 4. Ongoing authentic assessment.
- Increase the number of certified bilingual and English-as-a-second-language (ESL) teachers in Idaho that are assigned to teach as a bilingual or ESL teacher.
- Hold schools accountable for helping ELL students acquire English and meet challenging academic benchmarks. Districts that receive State Limited English Proficiency (LEP) funds must be required to comply with the 1983 Idaho Migrant

Council (IMC) v. Idaho State Board of Education Consent Decree, and the Office of Civil Rights (OCR) requirements regarding national origin minority students.

Basis for recommendation: Latinos and English Language Learners (ELLs) are an increasing segment of the current Idaho school population and the future workforce. Obtaining better educational outcomes for these students is vital for preserving families, and for our state's prosperity. Unfortunately, many Latino and ELL children are seldom challenged to meet high academic standards and are often denied the opportunity to take rigorous class work that results in improved student achievement and success.

Academic performance rates are significantly lower among Idaho's minority students. Caucasian students scored at the 59th percentile (above the national average) on the 8th grade Iowa Test of Basic Skills, but Hispanic (34th percentile) and Native American (38th percentile) students scored significantly lower. The Hispanic dropout rate is 27.60% as compared to 22.00% for Native American students, and 9.30% for Caucasian students. 83% of LEP and 76% of Hispanic kindergarteners are reading below grade level (Winter, 2002). Current trends for Idaho indicate that:

- The Hispanic population in Idaho has risen 25% in the last five years.
- 10.66% of Idaho's public school students are Hispanic.
- Since 1995, the LEP student population has increased by 194%.
- The FY 2003 public schools budget allocates \$4.475 million to support programs for 18,746 LEP students. 90.86% of this allocation is used for salary & benefits.
- Eighty-seven school districts fund their programs with an average of \$238.70 per student.
- 59% of K-6 grade LEP students are taught using an English-as-a-second-language (ESL) approach without any instruction in the native language.
- Approximately 56% of all 7-12 grade LEP students are submerged in the regular classroom without any instructional support provided by trained teachers/specialists.
- Ethnicity percentages for teachers have remained constant for the last five years while student percentages have changed significantly.
- According to a 2002 study on State of Idaho services to Hispanic LEP students, 537 individuals have a bilingual or ESL teaching endorsement, however only 91 of them were identified as currently assigned to teach as a bilingual or ESL teacher.

Advantages: Obtaining better educational outcomes for these students is vital to our state's prosperity. State and federal legislation, mandates, and desired student achievement outcomes for Latino and ELL students will be realized. Long-term social and economic costs will be significantly reduced.

Budget Impact: Adequate funding to meet the unique educational and English language development needs of Latino and ELL students will require supplemental appropriations to districts and/or reallocation of current local, state, and federal funds available.

Risks: None

Minority Opinion(s): None

Possible Implementation Vehicle: State Legislation, State Rule Change, Executive Order



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 12

Education Agendas and Minutes

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



EDUCATION COMMITTEE

MEETING SCHEDULE

October 11, 2002

October 26, 2002

November 14, 2002

November 27, 2002

December 2, 2002

January 6-7, 2003

February 12, 2003

March 12, 2003

May 5, 2003

June 24, 2003



Governor's 2020 Blue Ribbon Task Force Education Committee Minutes of October 11, 2002

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Sam Byrd, Idaho Migrant Council
Steve Casey, School District 271
Archie Clemins, Admiral, Retired
John Roberts, Washington Group International
Nancy Larsen, Ramsey Elementary
Jim McClure, Senator, Retired
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association
Ray Smelek, Extended Systems

Others in Attendance:

Jane McClaran, Division of Financial Management
Bill Ruud, Governor's Education Policy Advisor
Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Tom Valasek, staff
Cheryl Brush, staff

Discussion:

Co-Chairs Dr. Hagood and Millie Flandro opened the meeting with the introduction of members and staff.

Expected Outcome

Dr. Hagood suggested that the committee consider its final outcome as a report that incorporates the following:

- ☐ a review of committee assignments,
- ☐ past efforts at reform,
- ☐ scope of the committee's work,
- ☐ analyses of the current situation and key issues, and
- ☐ findings and recommendations.

The committee agreed to use this as a guide in completing their work.

Procedures

Dr. Hagood then offered the following for the committee as procedures and processes for conducting business:

- ❑ Determine the “covenants” the group will use in treating its members and guests;
- ❑ Determine the “roles” the committee needs to have to work efficiently and effectively;
- ❑ Determine the scope of the charge to the committee and the general arenas within which the committee is prepared to explore issues;
- ❑ Determine the constraints to the work; and
- ❑ Determine the nature of background information and staff support available to the committee.

Covenants

The committee agreed upon “covenants” or “ground rules” designed to further the work of the committee and enable its members to contribute freely and creatively to the effort. These are:

- ❑ Recognition by the Chair to speak
- ❑ Attack issues, not people
- ❑ Be respectful of others
- ❑ Honor differences
- ❑ No “bird walks”
- ❑ Agenda with a timeline
- ❑ Minutes circulated in a timely manner
- ❑ Productive meetings
- ❑ Start and end on time
- ❑ Be there, and focus on the task at hand
- ❑ Strive for consensus, calling for a vote only when necessary
- ❑ Support decisions of the group

Staff Support

Staff clarified that Tom Valasek and Cheryl Brush were available to provide logistical and administrative support and would coordinate any special requests from the committee, with Tom serving as the primary point of contact. Jeff Shinn and Jane McClaran will provide support from the Division of Financial Management and Gary Stivers will serve as the primary subject matter expert.

Scope

The committee discussed the various organizations included under the umbrella of the Board of Education including such areas as Public Television, Vocational Rehabilitation and the School for the Deaf and Blind. The committee elected to focus its work on early childhood or pre-K, public education in K-12, higher education and professional-technical education.

Constraints

The committee enumerated a number of constraints that must be considered as it pursues its work. The committee determined that it should:

- ❑ Establish credibility with the public on process and results;
- ❑ Not appear to be focused on special interests;
- ❑ Recognize the independent views of its members but support the position of the committee once established;
- ❑ Examine processes for interaction with the public to extend the input into decision-making;
- ❑ Explore the work of various commissions to avoid duplicating their work; and
- ❑ Prepare recommendations for the State-of-the-State Address in a short timeframe.

The committee further recognized that:

- ❑ The Governor has exempted K-12 and higher education from further budget cuts; and
- ❑ State laws and the constitution will limit adoption of some options.

Information Needs

The committee discussed the nature of their information needs. DFM provided an information handout to the committee which outlines various aspects of education including legislative authority, financing and organization. DFM staff noted that many websites are noted in the document which will provide additional information. The Access Idaho portal can also be used to access information at <http://www.state.id.us>.

Committee members also asked staff to provide the following information and materials:

- ❑ The strategic plan for education (staff noted that the plan for the State Board as well as plans for all colleges, universities and agencies reporting to the State Board are on the website);
- ❑ Briefings and presentations on education reform;
- ❑ Consolidation of school districts;
- ❑ Higher education duplication, dissemination, and mission;
- ❑ Standards and testing in K-12;
- ❑ Albertson Foundation activities;
- ❑ Corporate “contributions” to K-12 and higher education;
- ❑ Idaho Most (Maximizing Opportunities for Students and Teachers);
- ❑ No Child Left Behind (Federal Mandates);
- ❑ Mandates;
- ❑ How are we attracting and retaining educators;
- ❑ Best practices;
- ❑ Constitutional issues (tuition and fees);
- ❑ “Bang for our Buck” (are current initiatives working?);
- ❑ Demographics; and
- ❑ Current initiatives.

Vision

Millie suggested that the committee consider where they want to be short-term (1 year), mid-term (3-5 years) and long-term (5 or more years). The committee brainstormed short- and mid-term goals:

- ❑ Enough educators and administrators in the classrooms including those reflecting the diversity of the population;
- ❑ Keep Idaho teachers in Idaho;
- ❑ Acquire additional funding to meet goals established by the legislature; and
- ❑ Create an assessment system for decision-making.

The committee suggested that we must identify a foundation for supporting funding increases. A member offered that our most immediate need is to balance the gap between revenue and budget demands during the next two years. The committee also suggested that a review of State Board programs and their organization should be conducted to establish an organizational structure that delivers the best program quality at the lowest cost. This could be done for the 2004 Fiscal Year budget year.

It was suggested that the current funding mechanisms severely limit the opportunity to raise funds for higher education. Raising fees and tuition is an important public policy issue and should be considered in that context. A recommendation was made to consider the issue by comparing tuition/fees as a percentage of overall education costs. Staff noted that fees are variable and that while there are constitutional constraints, there is room to raise fees. A discussion followed emphasizing the importance of balancing fee increases with access for low income and other population groups and ensuring a discount or other option for training in high demand occupations essential to the state's economic viability.

The committee expressed concerns that Hispanics were already under-prepared for higher education and have difficulty accessing the system. It was further suggested that before raising fees, the committee should consider closing the gap on access. A member remarked that efforts to "grow your own teachers" have not been successful for this population because of the lack of preparedness to enter higher education. The committee was also alerted to the problems of undocumented workers, educated in high schools in the U.S., who are unable to obtain financial aid for higher education.

The committee noted that raising fees would discourage individuals from entering the teaching profession because they are already facing longer training demanded by higher standards. It was suggested that the committee also consider the professional-technical route to higher paying jobs. Idaho ranks 37th in higher education costs and 39th in median family income. A member suggested that the Promise Scholarships could be expanded as a way to accommodate higher fees.

Staff noted that we are seeing a growth rate of ½% per year in public education. This year will be higher because of the addition of the virtual classroom, which is returning home-schooled students to the system. Staff also noted that higher education is growing more rapidly because of the recession; typically workers return or remain in

education when jobs are scarce. From 1997-2001 the following growth in the number of full-time equivalent students occurred in the institutions:

BSU	16.6%
CSI	15.5%
ISU	8.9%
U of I	11.7%
LCSC	(5.8%)
NIC	12.4%

The committee continued with consideration of what they felt were the most immediate needs. A member expressed concern that as many as 30% of existing sophomores, the first class who must meet standards for graduation, may not pass the new Idaho achievement tests. The committee was advised that students may take the tests up to 8 times before graduation to meet minimum standards. Staff remarked that not all students would pass the first time. The assessment committee is looking at alternatives for students who demonstrate achievement but who are unable to pass the tests. Staff expressed that the State Board is very concerned that all students possess minimum competencies to meet workforce needs. Staff reminded the committee that the assessment process is in a pilot phase. In terms of accountability, the State Board is looking at improvements for each student from their current level, not movement towards the middle for all students. Of course, the goal is for all students to meet standards by graduation. Staff also reported that the State Board is looking at alternative teacher certifications to bring qualified teachers into the classroom more rapidly.

The committee again discussed additional information that might be useful to them. They requested additional information and briefings on reform efforts, areas that may be more valuable in moving students forward, and financial solutions and consequences. A committee member suggested that perhaps we should support generating additional funds for the pipeline and again discussed higher education fees from a public policy perspective.

Community Input

It was suggested that the people in Idaho's communities may have ideas about how to create efficiencies and be more creative in reaching funding options. The committee was reminded of the e-mail opportunity available. Additionally, committee members suggested they would talk with their colleagues and others in the community. The committee questioned whether it might be possible to hold public hearings.

Recommendations

When considering recommendations, the committee was cautioned to differentiate between fact and opinions. They suggested they need input from educators, parents and students.

Possible ideas considered in the range of possibilities for committee consideration might include:

- ❑ An "Idaho Green Card" for undocumented workers;

- ❑ A temporary 1.5% sales tax increase over a period of three years to restore the budget cuts in higher education; and
- ❑ Increases in tuition coupled with support for financial aid to ensure access to low-income students.

Discussion included recognition that K-12 education has remained a priority for every administration while higher education received a budget cut. Higher education, including professional-technical education, provides a critical path to success.

Decisions Made:

The committee is in an exploratory phase. They determined business practices for the committee and identified additional materials needed to inform decision-making. The committee elected to narrow the scope of its work to pre-K, K-12, higher education and professional-technical education.

Assignments:

The committee asked staff to prepare one page briefing papers on topics of interest identified above. Staff will organize these and make briefing papers available prior to the next meeting.

The Co-Chairs will poll committee members to establish priorities for the briefing papers and presentations.

All committee members have been asked to identify longer-term issues for consideration of the committee.

Staff have been asked to identify options for meeting locations and options for electronic meetings.

Distribute the website address for the Oklahoma Report.

Next Steps:

The next meeting is scheduled for

Date:	Saturday, October 26, 2002
Time:	8:30 a.m. – 4:00 p.m.
Location:	Bishop Barnwell Room Student Union Building, Second Floor Boise State University Boise, ID

An agenda will be created and distributed prior to the meeting with the general approach of briefing sessions in the morning and next steps in the afternoon. The committee will consider the public input process as part of its afternoon agenda.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culasac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON EDUCATION

SATURDAY, OCTOBER 26, 2002, 8:30 A.M. – 4:00 P.M.

BOISE STATE UNIVERSITY

Bishop Barnwell Room, 2nd floor, Student Union Building

Agenda

8:30 a.m.	Welcome and Introductions	Millie Flandro, Co-Chair
	Review and Adoption of Agenda	Rich Hagood, Co-Chair
	Minutes—October 11, 2002	
8:45 a.m.	"Briefings" Structure and Format	Rich Hagood, Co-Chair
9:00 a.m.	Organization and Governance of Public Education in Idaho	Gary Stivers, SBOE
9:15 a.m.	Funding of Public Early Childhood-Secondary Schools	Jeff Shinn, DFM
9:45 a.m.	Demographics of Public Early Childhood-Secondary Schools	Bill Ruud, Governor's Office
10:15 a.m.	Selected Current Initiatives—Public Early Childhood-Secondary Schools	Gary Stivers, SBOE
10:45 a.m.	Committee Discussion Identification of Key Issues	Millie Flandro, Co-Chair
11:45 a.m.	Lunch-on your own	
12:45 p.m.	Reconvene	

12:45 p.m.	Funding of Public Higher Education	Jane McClaran, DFM
1:15 p.m.	Demographics of Public Higher Education	Bill Ruud, Governor's Office
1:45 p.m.	Selected Current Initiatives—Public Higher Education	Gary Stivers, SBOE
2:15 p.m.	Committee Discussion Identification of Key Issues	Rich Hagood, Co-Chair
3:15 p.m.	Processes and Procedures —Next Steps	Co-Chairs
	Public Participation	
	Information Requests	
	Next Meeting	
	Committee Assignments	
	Staff Assignments	
4:00	Adjourn	

INFORMATION:

Meeting of Steering Committee is set for November 1, 2002
Meeting of full Task Force is set for November 14, 2002



**Governor's 2020 Blue Ribbon Task Force
Education Committee
Minutes of October 26, 2002**

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Sam Byrd, Idaho Migrant Council
Archie Clemens, Admiral, Retired
John Roberts, Washington Group International
Nancy Larsen, Ramsey Elementary
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association

Members Absent:

Steve Casey, School District 271
Jim McClure, Senator, Retired
Ray Smelek, Extended Systems

Others in Attendance:

Jane McClaran, Division of Financial Management
Bill Ruud, Governor's Education Policy Advisor
Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Tom Valasek, staff
Cheryl Brush, staff
Roger Madsen, Director, Department of Labor
Bob West, Chief Deputy, Superintendent of Public Instruction
Tim Hill, Department of Education

Discussion:

Welcome, Review of Agenda, Minutes

Millie Flandro, Co-Chair, opened the meeting, welcomed the members and introduced Tim Hill, Bureau Chief of Public School Finance, and Bob West, Chief Deputy Superintendent of Public Instruction.

Dr. Hagood, Co-Chair, summarized the minutes and accomplishments of the last meeting and noted that the day's agenda was developed in response to the committee's priorities and requests for information. In reviewing the minutes, members recommended a change to page 5 of the October 11, 2002 minutes under the heading of "Recommendations". It was the sense of the committee that the term "possible recommendations" would more appropriately be characterized as "ideas considered in the range of possibilities for committee consideration." The minutes were approved as amended.

Education Overview

Gary Stivers, Executive Director, State Board of Education, began the review of Education by referring the committee to the documents on education governance for the Board, higher education and K-12 (Tab 1, 3 and 16, respectively). Gary referred the committee to the organization chart for education and outlined the oversight and policy making responsibilities of the Board. The Board is an eight member body chaired by Blake Hall. He noted that the State Superintendent is an ex-officio member of the Board who is charged with implementation of policy for K-12 public education.

The presidents of the four colleges and universities report directly to the Board. CSI and NIC are community colleges with their own boards, but the SBOE approves budget and program offerings. The presidents of all six institutions are members of the Presidents' Council which meets with the Executive Director of SBOE and the Governor's office to coordinate issues and consider recommendations to the Board.

The Office of the State Board provides a variety of support to the SBOE and coordinates distribution of policy to the institutions. The Executive Director is responsible for Professional-Technical Education, which coordinates with the Superintendent's Office on secondary vocational education, Vocational Rehabilitation, Public Television (IPTV) and the School for the Deaf and the Blind. Staff assigned to implement Board initiatives for MOST and Achievement Standards, in cooperation with the Superintendent, also report to the Executive Director. Finally, the Board appoints independent boards to oversee operation of the Historical Society and the State Library. The State Occupational Information Coordinating Council (SOICC) also has its own board.

In response to questions from the group, Gary noted that the Presidents' Council is advisory to the Board and frequently is assigned various policy matters under consideration by the Board for analysis and development of recommendations. In some cases, the Board will pass issues to subordinate groups. The council is not statutory but relies on the good will of the Board and the presidents for effective work.

The committee questioned the status of funding equity among the institutions. Staff reported that while equity was and continues to be a top priority of the Board, the bill addressing funding equity did not pass the legislature. It will continue to be presented to the legislature as a top priority.

The committee also asked whether there was a statewide plan for distance learning. Staff indicated that there is a strong coordinated infrastructure and initial discussions by the Presidents' Council about how to avoid duplication of services. It was also reported that distance learning is governed and distributed by each institution although some will use the facilities of IPTV. IPTV offers some educational programming but generally not for credit.

K-12 Public Education Briefings

Funding of Public Secondary Schools

Jeff Shinn began the briefing by referring to the table entitled "20 Year History of the General Fund" (Tab 1). The chart demonstrates that very little is funded by the general fund outside of Education, Health and Welfare, and Corrections. Jeff remarked that medical assistance makes up the majority of Department of Health and Welfare funding. He referred the committee to the Legislative Budget Book for more detailed information than is contained in the briefing papers.

Public-Private Partnerships (Tab 20) contains a description of external supports for education. The paper lists five donor organizations although others are also supporting public education. Jeff will provide a more detailed listing of organizations that provide material support to public education (Assignment). The committee questioned to what extent foundation funding is compatible with the state's goals. Jeff responded that the funding has generally been welcomed to further initiatives and often absorbs the risks of new or experimental approaches. In response to questions from the committee, staff responded that the Albertsons Foundation offers the largest amount of funding for public education which is distributed by the Department of Education via targeted distributions. Staff believe most other contributions are made locally. Staff also responded that they did not believe there were any processes in place to deal with equity issues that might arise as a result of donor support.

Jeff referred the committee to his briefing paper entitled "Public School (K-12) Funding" (Tab 21). He noted that K-12 funding is detailed, complex and political. He remarked that there is local control in hiring, setting salary schedules and facilities, although funds come from many sources. Salaries are set locally while salary funding comes primarily from the state. He indicated that the Legislative Services Offices Fiscal Facts book contains significant detail. He also noted that his briefing contains several other sources. Page 2 contains websites with much more information on data for each school district. Page 3 includes a section on education support programs and how the state distributes money. Page 5 shows a ten-year history of sources for funding school districts. He noted that the overall trend is upward. In K-12, federal funds have remained stable. Most federal funds go directly to the Department of Education and are distributed on a categorical basis. The committee asked Jeff to provide this same distribution in current dollars (Assignment). Jeff also distributed a paper, "Financing Idaho's Public Schools", which offers a mid-level report that explains how funds are distributed to school districts.

He noted that funds are distributed on a salary schedule but factored for size of district, population density and other considerations.

A member suggested that if institutions knew their budgets were going to grow by 3% per year per student, it would free schools to manage their budgets and make new investments. It was further argued that it would prevent waste of funds if schools knew what to expect and would also provide support to the legislature to raise revenues if school funding was set in a policy environment.

A member expressed that there were concerns with property tax. Citizens expected relief in their property taxes when the legislature voted to use state funds to replace 25% of the local property tax. In many cases, property taxes did not go down. Jeff explained that in 1995 there was a dip in funds and there have been no increases in the apportionment for schools.

A member asked if there are statistics for an efficiency measure and noted that we are 43rd in per pupil spending, but 27th in proficiency. He asked staff to find measures that the committee might consider, such as teacher/student or administrator/student ratios compared to achievement (Assignment: Jeff). Bill noted that the education system just started looking at this kind of data in the last ten years, so processes are not yet very sophisticated. Staff also cautioned the committee to be careful when looking at averages, noting that in Idaho we have districts from less than 500 to more than 20,000 students.

Demographics

Bill Ruud referred the committee to the SBOE “Overview of K-12 Governance and Authority” (Tab 16). He noted that there are multiple levels of governance with the legislature, SBOE, State Superintendent, and 114 school districts each with their own school board. The first paragraph gives the basis for current lawsuits against the state for unsafe facilities. He indicated that the dividing point seems to be non-interest payments for bricks and mortar. Two recent pieces of legislation were enacted to address the issue. H.B. 315 set up a fund of \$10 million to be used to build safe schools; districts can be funded up to 100% of interest costs for a plant facility bond. The state has funded nearly \$55 million worth of projects in fewer than 10 districts. Similar legislation SB1474 considered various factors, including market value, average unemployment and median income to create an index. A school district that is low across the board can qualify for assistance. The legislation sets a floor of 10% so that any school district could qualify for up to 10% of interest payments for bonding. There will be another hearing in front of Judge Bail to determine the status of this issue.

Bill indicated that two books, one a profile of all Idaho Schools and the other a Financial Profile, can be made available (Assignment: Bill). The most current data is for 2000-01 year ending. Current information should be available before the legislature comes to town. They include a one-page summary of district scores, property values, revenues, expenditures, etc. Schools can also report “surpluses” or fund balances that are outside of maintenance and operation, but generally targeted. He cautioned that these must be

viewed with care so that data is not misinterpreted. Various superintendents count things in different ways so there might be an opportunity to call for standardization. The enrollment has been increasing about .4% per year. The number of certified teachers is at 16,000 and districts at 114. Meridian is the largest at 27,000 while the smallest is at 9. Idaho reduced to this number only about 25 years ago. Jeff will share an October 7th article in the Twin Falls Times News on school consolidation (Assignment). Staff indicated that some states have moved to counties. Staff aren't aware of any studies in the last five years on consolidation. In the Twin Falls area, there are 9 districts, and 7 in Canyon County.

The average teacher salary is \$39,000. While there has been rapid growth in salaries, we are at 38th nationally rising from 48 or 49. Staff pointed out that there is relative cohesion between average income, salaries, costs, etc. Many teacher salaries start at \$25,000 in Idaho. The high-end salary for any district for a teacher is \$60,000 in larger districts with master's degree plus.

Current Initiatives of the Board

Gary directed staff to the briefing paper titled "Current Issues, Initiatives and Interests of the Idaho State Board of Education" (Tab 2).

- Idaho Reading Initiatives. This program is for students in K-3 to bring them to grade level. The State of Idaho is not where we want to be but we see improvement.
- Achievement Standards, Assessment and Accountability. The major concept is that we have standards in place for Language Arts/Communications, Mathematics, Science, Social Studies, Health and Humanities. The system is integrated horizontally and vertically. By establishing standards and tying it to curriculum, we should create efficiencies and quality. The assessment process is unique in that we test each student in the fall, identify grade level in each of the targeted areas and provide specific information to teachers for education services. Accountability standards expect each student to improve on the scale. Those below standards are required to achieve more to converge with the standards at some point. Teachers need to find ways to provide additional help and some distance learning and other services will be available. The expectation is that a regular review of data will help improve scores. Albertsons will provide up to a million dollar incentive to kick off the improvement initiative. Funds will be provided to schools for yearly progress. School teams will then be able to use funding to address students requiring additional help. Teachers are nervous about the accountability standards.
- Idaho's MOST (Maximizing Opportunities for Students and Teachers). This is a teacher quality initiative that is examining tiered certification, professional development, alternative certifications and revised compensation plans.
- Office of the State Board Reorganization. The OSBE and organizations reporting to the Executive Director have been able to identify some efficiencies by sharing reception, human resources and financial services. There is interest in making Board agencies budgetary divisions of OSBE. In the area of professional-

technical education, the institutions have identified problems with the centralized process and would like more resources and authority moved to the schools.

- Dual enrollment in higher education and professional-technical education. In some states, high school students can get credit for higher education courses.
- School Consolidation. The issue is complex and is often stymied by issues such as the property tax base. Responding to a committee question, staff advised that the process for forming school districts is contained in legislation and authority is vested in the State Board of Education.
- Expanding high-speed lines needed for distance learning. IDANET is trying to use the state government's role as a supplier of data so that schools can piggyback on state contracts for building the infrastructure. They are developing an RFP for infrastructure development on a statewide basis, but staff could not report on the progress of the effort.

No Child Left Behind

Bill referenced the briefing paper on this piece of federal legislation (Tab 19). It is a twelve-year process beginning with requirements to establish standards for math, reading and science by 2006. States have to test students and gain adequate yearly progress. Each state can establish its own measures and must develop district report cards. School districts that "continue to fail" will be held accountable. It allows schools to put together an improvement plan. If the school fails to do this, they can lose funds. Key features include flexibility in how funds are used, choices for parents to move to different schools or in attaining supplemental services such as tutors, and school accountability for results. Bill suggested that Idaho is ahead of the game in many respects and cited the new on-line charter school operated by the Arco District as an example. While many thought school districts would have to develop procedures separately, there are a lot of partnerships developing. He also mentioned the reading, math, testing and school choice options and noted that our assessment and standards process has seven areas instead of just reading and math.

Discussion of the Issues – K-12 Public Education

Committee members discussed issues for consideration in K-12 Public Education. Regarding assessment and standards, a member reported that Idaho is the only state that has adopted this form of testing on a statewide basis. The Idaho Standards Achievement Test (ISAT) is truly a test teachers can use. A member questioned whether the state was prepared to address those with limited English proficiency (LEP). Staff responded that part of the issue is identifying the problem and then helping the students. ISAT gives the state information on how to direct resources to correct the problems. Perhaps the question is, "Will the legislature look at other formulas that will direct funding to meet needs?" The option for alternate school funding will also help to address this need.

A member suggested that we now have a way to fund schools based on achievement. We are moving to a system where we are recognized for achievement of an individual child. There is a certain level that a school district must have for basic education, but there are

gaps with minority and/or poor students, particularly Hispanic and Native Americans. It may be possible to target resources to narrow those gaps.

Teacher recruitment and retention is a key issue in making progress. Staff remarked that Albertsons would help with initial financing but the state is not looking at this for ongoing funding. A member questioned whether there could be a funding baseline coupled with incentives for higher achievement and help for those at risk.

A discussion followed about the needs of at-risk students, including those with language barriers and the need for the best teachers to be teaching the students who are experiencing the most difficulty in the classroom. A member suggested that it appeared that the average class size was 18. Staff clarified that “certificated individuals” are not necessarily instructors and that you can’t use it to determine student-teacher ratios.

The concept of “growth funding” was proposed as a policy issue to be considered. The concept was promoted as stabilizing funds, eliminating radical shifts in funding and resource availability. It was suggested this could be coupled with “rewards” for meeting standards. Predictable funding is critical. After schools receive their funding, they enter into contracts for teachers, books and supplies. If they have no fund balances, they have nowhere to cut costs.

A member suggested that there are people who may be able to help determine what it would take to move students to achievement levels based on their starting point. This might be used as a factor in funding at-risk populations. A member suggested that the minimum yearly increase might be set at inflation or perhaps inflation plus a factor to increase the average cost per pupil.

The committee discussed that there is a teacher retention problem in the public schools and suggested that salary may be an issue. Possible options for addressing it included bonuses after a set period of time, mentoring by a master teacher for up to three years or recruitment from another career. Members learned that in business it costs between \$10-30,000 when someone severs their employment, so retention is important and likely most successful when multiple strategies are employed. The largest age cohort of teachers is between 46 and 50. Up to 50% of public employees in government will be within retirement age within five years. The committee speculated that with more options available to women, teaching might be seen as less desirable. There are approximately the same number of male/female teachers in secondary school (3100/3600), but the ratio of men to women in elementary school is far smaller (800/6200). One concept offered is that teachers should be able to gain higher salaries without moving to administration as they do now, if they want to earn more than \$60,000 per year. Salaries and the ratio of teachers and administrators are determined locally so this may pose a problem in terms of a solution offered by the committee. The committee discussed the concept of tiered-certification, or master teacher certifications as a means of raising salaries and increasing retention. Currently there is a \$2,000 bonus for teachers who have attained national board certification in each of the five years following certification. The committee requested information from other states that may have tested this salary structure to

determine if it aids in retention (Assignment: Bill). The committee also requested copies of the “yellow book,” and the “red book” (Assignment-Bill). If the members want hard copies of the WICHE information, they should contact staff.

The committee’s list of issues for future consideration in K-12 include:

- Retain/Recruit Quality Teachers
- Fund Distribution
 - Incentives
 - Merit
 - Adequate
- Growth Funding
- Hispanic/Native Americans
- Technology
- Tie resources (funding) to achievement

The committee reconvened at 1:00 p.m. following a lunch break.

Roger Madsen thanked the committee for their work and invited comments for process improvement. The committee members expressed that they felt their meetings had been effective and that they were beginning to focus on issue areas. They reported that they expected their report to focus on broad public policy rather than details. Educators on the committee extended their thanks to the Governor for allowing them to work on the issues. Roger expressed the Governor’s appreciation for their service and pledged continuing support.

Higher Ed Briefing Sessions

Higher Education Funding

Jane McClaran introduced the topic of funding by referring the committee to the briefing paper titled “Higher Education Funding” (Tab 14). Page 1 provides figures and is followed with a graphic representation on page 2. A single lump sum appropriation is made available to all four state four-year institutions (U of I, LCSC, BSU, ISU). There is very specific legislative intent to give the Board flexibility. General funds, endowment funds and student matriculation and non-resident fees are appropriated. Further language itemizes systemwide fees and amounts available for dedicated programs. The general fund portion of the appropriation is about 28%. Professional-Technical Education appropriations are separated between higher education and public schools; however, an appropriation is not required for the federal funds.

Community colleges, NIC and CSI, are different in that they receive non-appropriated local property tax support. The graph on page 2 gives a good representation of fund sources. Community colleges also receive a lump sum appropriation from the legislature.

Page 4 describes the budget and allocation process which begins when each institution develops a comprehensive budget for the Board. The SBOE submits a formal request to

DFM and the Legislative Budget Office. An Executive Budget request is then developed and submitted by the Governor to the Legislature in his State of the Budget address.

Scholarship information is shown on pages 5 and 6. The Idaho Promise Scholarship is the most recognized and fairly new. About 9000 students have an Idaho Promise scholarship. Although funding was reduced, there are adequate resources to fund all eligible students.

A study by MGT, Inc. determined that funding equity did not exist among the institutions, nor were they adequately funded in comparison with external peer institutions. The Board decided to pursue the equity issue and determined that there would be no reduction at one institution to make up for an increase in another. The SBOE has developed a five-year plan to create equity among the institutions and submitted a request to the legislature to fund the \$11.5 million needed.

Upon learning that the equity formula factors additional funding for graduate programs, the committee questioned whether it encouraged institutions to develop graduate level programs. Staff reported that it is one of the arguments, but the programs also cost more money. The Board is reviewing the requests for new programs as a guard against unnecessary program development. In some cases it is too expensive to start new programs. There is an idea that the equity proposal may favor graduate programs, especially those that already have doctorates. There are some issues where it is important to meet overall needs to get students at the graduate level. BSU is in a conflict with dual demands for service as a community college and a high level graduate institution for industry.

There is no simple definition of equity. Some institutions have new facilities, some large research facilities, and others different programs and services. The formula tries to reward in the mission area for higher cost programs. The Board used the formula to determine where the institutions should be and measured the gap. It is enrollment driven, but weighted for different operating costs. The Board has agreed that this is the highest priority need, but, at that time, didn't know their capital projects would be delayed by the budget holdback. Presidents now say they have a dual priority for capital projects and equity.

Capital projects are most difficult for small schools. The community colleges experience this problem. Tab 15 includes a series of reports on capital projects. The final page shows \$81 million in projects put on hold and includes one for each institution.

Higher Education Demographics

Tab 10 provides information comparing funding distribution. It also compares fees as a percent of total education costs for each institution and demonstrates the impact of various models on fees. The table under Tab 11 ranks Idaho's tuition and fees against other factors and compares them with other states. It offers a comprehensive comparison of growth, fees, family income and state contributions.

General fund contributions have grown every year except last year but it makes up a smaller percentage every year. The average tuition/fee for public four-year schools is \$4,100; in Idaho it's \$3,100. Tuition and fees have grown by 63% in the last 10 years, family income 15% and appropriated funds 6%. Staff suggested that the question may be what is a fair investment in a student's training.

Across the nation, states are putting fewer and fewer resources in higher education. Idaho is among the lowest in the nation to grant needs-based scholarships. A committee member suggested that a scholarship for teachers might be appropriate. Jane discussed that there is a reimbursement program for teachers and added that our needs-based scholarships have remained relatively stable. The committee said we need to encourage training, since 80% of jobs available need some training past high school, not necessarily four-year training.

Staff remarked that the Board is interested in developing a fee structure reflected as a share of instructional costs and referred the committee to the proposals under Tab 10. Line 32 includes total appropriated funds. The Board would like to develop a formula that relates fees as a percentage of costs and compares such factors as the consumer price index, median income and instructional costs. Option 2 demonstrates that students at BSU pay a greater proportion of the cost of their education than those at other institutions. The committee requested comparable information for the community colleges (Assignment: Jane). The committee suggested that they review the data. Although fees are increased annually, there is no plan or target.

BSU, ISU and LCSC have a university and community college function, offering some programs at twice the cost of NIC and CSI. There are conflicting missions at institutions with a dual university and community college mission. Education is also being criticized for expansion, citing the proposed "University Place" under construction for the U of I and ISU and expansion of BSU. The perception is that Idaho cannot afford to have all of the locations fully developed.

The committee questioned whether the multiple locations were mission driven. Staff responded that originally this was the case, but many programs are now duplicated among the universities. The BSU expansion was originally driven by a mission decision, but limitations on space, shift in population centers and cost of property are also considerations. There has not been a final decision. Given this backdrop, the committee asked what the system should look like in 2020.

Gary noted that the Board is looking at the satellite system and how to integrate it.

There is tremendous outreach to rural Idaho. A table describes the physical location of teaching (Tab 4). Briefing documents also summarize the missions of the institutions (Tab 5). The Board recently denied a request from EITC to become a college. EITC is the only state-supported professional-technical school and only gets PTE funds. It almost acts like a stand-alone college.

The “Idaho Postsecondary Enrollment History” demonstrates a noticeable increase in students (Tab 12). Only ISU dropped the number of part-time students and LCSC declined enrollment overall, but in general there is a significant increase over the four-year period. There are approximately the same number of full-time students at U of I and BSU, but BSU has a much higher rate of part-time students.

The committee asked for data on graduation rates. Staff will make six-year graduation rates available (Assignment: Bill). If we start looking at missions, we need to look at the graduation rates. Institutionally there are evaluations on graduation rates, but there are no statewide efficiency measures. Data was also requested on the number of students who start at two-year schools and graduated from four-year (Assignment: Bill).

A member suggested that perhaps different districts are needed to align programs. Many states have gone to four-year technical degrees. That doesn’t exist in Idaho yet. A member suggested that different training paths need to be available to individuals to accommodate personal and cultural differences. There has been great success using commercial certification training rather than always trying to tailor a curriculum.

Board of Education Initiatives

Gary referred the committee to the briefing paper on State Board initiatives (Tab 2). He pointed out that the Board’s key issues are:

- Higher Education Articulation
- Higher Education Funding Equity
- Higher Education Delivery System, including satellite center coordination and efficiencies that could be obtained from shared resources and collaboration
- Intercollegiate athletics (institutional differences in income earned/sports)
- Student Fees
- Dual Enrollment
- Common data gathering and reporting (no commonality among institutions on data collection, IT processes, human resources, etc.)
- Expanding IT infrastructure
- Research, including concerns that all of the money is going to one institution
- Capital project funding, including considerations of possible bonding to pay for the costs of construction.

A member questioned what the mission of higher education is in Idaho; what do we really expect the institutions to do? Staff responded that the Strategic Plan includes a review of higher education as one of the projects. The traditional way of providing education is no longer fitting. There is no way to justify funding if the schools don’t know what is expected. We are at a crossroads about what we are trying to do. We are the only state in the union with a combined board.

The state has limited resources and needs to reassess the role and mission of the higher education system. Discussion included comments about needing an easier transition from

school to higher education, more emphasis on workforce development, society's demands for more accessible training and retraining and response to workforce needs that are changing rapidly.

Higher Education Issues

The committee initiated discussion of their key issue areas for higher education. Accessibility of programs for all Idahoans was put forth as a major concern. That included scholarships, affordability and access away from the primary delivery point. The committee also discussed options for funding that would include a combination of inputs including tuition/fees, general funds with some expressing a preference for use of progressive tax structures, and factors for efficiency, accountability and productivity. There was also a discussion on the need to devise performance assessments for faculty, administration and overall structure of the system. A member suggested a review of the organization structure. Members wanted to ensure that the system is aligning to the new high performance service economy. Various options were discussed for attracting minorities, particularly Hispanics and Native Americans into the system. These included scholarships for low income, a seamless education system to close the access gap, and improvements to the pipeline for dealing with underserved populations. The committee also suggested looking at the delivery system for community colleges, asking if we should be considering a statewide system of community colleges. A recommendation was also offered to look at a statewide system of higher education. This could consider elements such as common management systems, improved governance or administrative structures or other reorganization/consolidation efforts. The committee requested that staff provide information on what other states have done to create more effective models for higher education (Assignment: Bill).

The committee asked for practical recommendations to solve the issues. They asked staff to identify how the committee can work cooperatively with the Board and institutions to develop practical recommendations (Assignment: Gary).

Higher Education – Issue Areas

- Accessibility of all programs
 - Coordination
 - Scholarships
 - Affordability
- Funding – combination of factors
 - Tuition and fees
 - Taxes/scholarships
 - General funds
 - Productivity/efficiency/accountability
- Consolidation
 - Functions
 - Administration
- Alignment to a service economy
- Attract minorities

- Data on scholarships
- Help local school districts with underserved/underprepared
- Delivery system
- Community Colleges/vocational-technical functions
- What should we stop doing, do more of, improve
- State system for higher education
- Reorganization of SBOE's entire organization

Public Participation

The committee wants to see more information promoting the opportunity for providing input on the website. They suggested information about how to access the website and encouraged the Task Force to use PSAs. Gary shared that the President's Council wanted to meet with the Chairs. Dr. Hagood and Skip Oppenheimer will meet with the group at their next meeting on November 5, 2002 (Assignment).

If we are inviting groups in, we need to consider who to invite and should allow for broad representation. Archie Clemins indicated he has a plan to attend a number of public schools to become familiarized with the issues. There were also suggestions for meetings with representatives from public education, higher education, foundations and industry. There was an agreement that individuals would be invited to speak on a specific subject area identified by the committee. The committee needs to determine at what point in the decision making process input would be most useful. There was an emphasis on ensuring that the committee hear from a range of individuals to ensure broad input.

There is an interest in developing timelines for the group and a list of resource people who would be useful (Assignment: Co-Chairs/staff). The committee is concerned with maintaining credibility by taking the time to appropriately consider the issues. The committee also expressed an interest in reaching out and suggested that they need a tool to frame the dialogue when they go out (Assignment: Co-Chairs/staff).

Next Meeting

The next meeting of the committee will be on November 14th with the full Task Force.

The meeting adjourned at 4:00 p.m.

Assignments:

Bill

Legislation on Equity

Finance Book Red

Profile Books

Graduation Rates

Starting at 2 and graduated from 4

Bonding in Statutes

Scholarships – needs-based

Systems of Higher Education (state comparison)

Chancellor systems

Research impact of tiered salaries (master teacher) on outcomes

Gary

Process for working with institutional leadership

Jeff

Information on contributors to K-12

Ratios for comparison Student/Teacher/Administrators/Achievement

School Consolidation – TF Times News Article

Jane

Cost comparison for community colleges (tuition/fees, general fund, educational costs, etc.)

Co-Chairs/staff

Attend Presidents' Council Meeting (Dr. Hagood/Skip Oppenheimer)

Identify Timeline and Resource People (Co-Chairs/staff)

Develop discussion tools for outreach/communication (Co-Chairs/staff)



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON EDUCATION

THURSDAY, NOVEMBER 14, 2002

8:30-10:30 AND 1:00 – 3:00

Department of Commerce Conference Room
Joe R. Williams Building, Boise, ID

Agenda

8:30 a.m.	Welcome	Millie Flandro, Co-Chair
	Review of Agenda	Rich Hagood, Co-Chair
	Minutes of October 26, 2002	
	Notes from Steering Committee	Rich Hagood, Co-Chair
	Report on President's Council	Rich Hagood, Co-Chair Skip Oppenheimer
	Policy Groupings Higher Ed	Rich Hagood, Co-Chair
	Policy Groupings K-12	Millie Flandro, Co-Chair
10:30 a.m.	Adjourn to Task Force	
1:00 p.m.	Identification of issues for Recommendation on December 3rd	Co-Chairs
	Set Next Meeting Date/Agenda	Co-Chairs
	Assign Tasks for Next Meeting	Co-Chairs
	Determine Process for Public Input	Co-Chairs
3:00 p.m.	Adjourn to Task Force Meeting	



Governor's 2020 Blue Ribbon Task Force Education Committee Minutes of November 14, 2002

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Steve Casey, School District 271
John Roberts, Washington Group International
Nancy Larsen, Ramsey Elementary
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association

Members Absent:

Sam Byrd, Idaho Migrant Council
Archie Clemens, Admiral, Retired
Jim McClure, Senator, Retired
Ray Smelek, Extended Systems

Others in Attendance:

Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Tom Valasek, staff
Cheryl Brush, staff

Discussion:

Welcome, Review of Agenda, Minutes

Millie Flandro, Co-Chair, opened the meeting at 8:30 a.m. and welcomed the members. The committee reviewed the draft minutes and offered a change on page 7, clarifying language on the payment of \$2,000 for five years when a teacher attains national certification. The minutes were approved as amended.

Steering Committee Meeting

Dr. Hagood directed the committee's attention to the Minutes of the Steering Committee so the members could get a flavor of the reports of the other committees. He referred to

the definitions for recommendations as short-term (this legislative session), mid-term (3-5 years), and long-term (from 5 to 2020). The Steering Committee also asked that each committee make all means available to obtain reactive input to recommendations. The committee was referred to the November 27th deadline for recommendations to support staff. Dr. Hagood indicated that the expectation was for the committee to deliver its short-term recommendations by the 27th.

Public Comments

Dr. Hagood referred to the summary of public comments and asked the committee to consider them as they moved throughout the day.

President's Council Meeting

Skip Oppenheimer and Dr. Hagood met with the President's Council on Tuesday, November 5th. Dr. Hagood referred the committee to the document titled, "Itemization of Policies, Rules and Statutes that Interfere with the Efficient Delivery of Higher Education", that was developed as a result of the meeting. Skip reported that it was a good meeting and underscored the need for predictability in funding. The fact that state support for higher education is up by 6% but tuition up 63% was characterized as de facto privatization. The presidents expressed concern that students and families pay a higher share as the state share diminishes yet they are treated as state entities. They encouraged the committee to identify what is a fair share for state contributions and fees. Idaho has a relatively lower rate of students going on to higher education. Due to limited funding, the state is capping programs and limiting access.

The President's Council would like to work with the committee on this issue. They expressed that the BRTF could have some impact on structure and governance. On the issue of fund predictability, they found that the recent reductions dropped them to 21% of need and will require a long time to recover. One of the problems is the tenure system that causes them to lay off lower cost staff and shift tenured faculty from research and administration to instruction. They offered incentives for early retirement, but it will take some time to see results. The presidents said the unpredictable holdbacks are more severe because they need a two-year notice to extend layoffs to tenured staff. With the diminishing state support, the presidents recommended that the committee's policy framework recognize a privatization model.

The presidents requested that there be a relationship between state support and the policy framework. The committee questioned if it was possible to tie economic development and workforce development to funding. The presidents want more freedom from state restrictions and oversight. As an example, they want to be able to set their own fees and perhaps institute differential charges based on the occupational area. The biggest pressure is from growing enrollment coupled with diminishing resources. It was noted there are two sides to differential charges; while higher earning jobs may generate more overall resources, differential charges also may exclude disadvantaged individuals from pursuing those courses.

Dr. Hagood welcomed their input and expressed that they see this effort as a catalytic force to reduce traditional mind-sets and foster new ideas. While the committee may not agree with all of the recommendations, it will further the discussion. The key concept is that the legislature has been privatizing higher education without actually embracing it as a policy concept. It was noted that this has many consequences. Do the institutions have authority to set fees? Must they use state functions, e.g., the Controller, Division of Public Works, Division of Financial Management, etc.? There are many decisions that would flow from such a policy decision. It was suggested that it might allow the universities and colleges to function as a business or provide more predictability in funding. Other states are looking at this issue. The Colorado model, where vouchers are made available to students to use at any state university, was cited as one model in a privatization approach. A member suggested that a differential diploma in K-12 could be used as an incentive under this voucher approach.

Discussion of Policy Areas for Higher Education

Dr. Hagood said he believes there are five or six broad policy areas for consideration. He referred the committee to information provided by staff under “Issue Review for Governor’s Blue Ribbon Committee” which provides more detail on the committee’s issues identified on October 26th. He suggested these might be grouped as:

Higher Education

- Funding
- Governance
- Administrative Efficiency/Structure
- Accessibility
- Mission

He asked the committee to identify subcategories for presentation on the 3rd of December. The committee identified the following:

Funding areas:

- Strategy for predictability/stability
- Funding Capital Projects
- Private Funding
- Adequacy (comparability to similar institutions)
- Equity (among state institutions)
- Investment model-economic development/jobs
- Fees/Tuition
- Distribution of funds internally

Governance

- Privatization
- Consolidation

- SBOE
- Relationship of U of I to other higher education entities
- Single University System

The committee discussed recommendations from the public relative to consolidation and noted that the two concepts are in opposition. The committee continued with a discussion of duplicate missions and duplicate administrative systems. The committee also referred to the piece from the presidents who want more decentralization and freedom from state systems. The staff pointed out that if the universities are separated from state systems, costs would be shifted to other state agencies and may result in an overall higher cost to the state.

Administrative Efficiency

- Data management systems
- Adequate reporting
- Technology (use of tech for payroll, data management, delivery)
- Administrative Support (Human Resources, Insurance, Registration, Purchasing)

Accessibility

- Special populations
- Dual enrollment (w/high school)
- Entrance Requirements
- Distance Learning
- On-line Academies
- Public Television
- Cost—In-state vs. Out-of-state costs
- Financial Aid
- Reciprocity
- Remedial classes

Mission

- What is the Role?
- Regional
- Program
- Market
- What does the state want regarding educated population/workforce?

The committee questioned, “What if we recommend as a goal that we want the Idaho university system to be recognized as a top rated university?” A member reminded the committee to ensure that PTE is included in the discussion of higher education. The committee expressed that they want students to be prepared to enter the job market and be ready for life-long learning. They indicated that a decision for the committee is which option is best—centralization or decentralization of decision-making. Currently the universities and the Board do not always share the same vision for the institutions. The

committee must question how far students will travel for in-state education and whether the state is satisfied with the number of individuals moving into higher education.

Discussion of Policy Areas for K-12

Millie began the discussion by identifying six policy areas that address the committee's deliberations to date:

- Funding
- Program Enhancement
- Administrative Efficiency, Structure
- Teacher Retention/Recruitment
- Facilities
- Special Populations

She also distributed materials from Bob Huntley regarding the lawsuit on school facilities and noted that Judge Bail will be handing out a decision on whether to appoint a special master to review school facility needs.

Funding

- Predictability
- Equity
- Adequacy
- Performance

The committee discussed the desirability of predictable funding but noted the possibility that schools may not always be satisfied with a guaranteed yearly growth in years when income increases by a greater amount. The committee was referred to the handout on issues where Jeff Shinn has developed a recommendation based on the committee's "growth" concept.

Administrative Efficiency, Structure

- Technology
- Consolidation
 - support/districts/services
- Data Collection

Facilities

- Bond
- SPFL
- State Assistance
- Preventive Maintenance

The committee explained that the Special Property Fund Levy is a capital fund that allows schools to collect and spend money yearly; there is no borrowing and it doesn't

require 66 2/3% for approval. This is generally not a viable option in smaller school districts because of the insufficient tax base.

Recruit/Retain Teachers

- Salaries
- Mentoring
- Career Path
- Special incentives for education students
- Incentive Packages
- Accountability
- Safe Schools
- School with learning environment
- Alternative certification- non-traditional teachers

Healthy Communities

- Safe Schools
- Create a community environment supporting schools

Special Populations

- Funding for smaller populations
- LEP/ESL
- Retention

The Committee was dismissed to join the full committee and reconvened at 12:30 p.m.

Dr. Hagood asked that each member of the task force work with a task force staff member to develop recommendations for short- and long-term issues. Dr. Hagood expressed that the most important aspect of the 2020 endeavor is the potential for credibility; the committee needs to maintain that.

Skip suggested that the committee look at themes that may or may not be moved forward for final recommendation. As an example he suggested, "Education must be regarded as an investment not an expense."

The committee discussed themes that would be priority issues for making recommendations to the legislature. The committee also discussed the investment concept as it relates to economic development and job creation. A member suggested that Jim Hawkins would be a good contact to identify what business looks for in education. They also questioned whether they should consider what is best for Idaho or whether recommendations should be couched in the current economic environment. One consideration discussed was to immediately recommend eliminating any further budget cuts and move toward restoration. The longer-term goal would be to move to a growth pattern.

The committee discussed that their focus for the preliminary report needed to be on current issues that the Governor could include in his State of the State address. It was

determined that they should have some current recommendations and some focus for the accomplishments by the end of the Governor's term. There were suggestions to consider administrative efficiencies and opportunities gained by consolidation. The committee suggested that a study be done to aid in determining specific recommendations.

The committee questioned what projects the Board is considering that they could endorse. Staff responded that the Board is considering offering more flexibility in budget use if the "MCO" or maintenance of current operations is maintained. They are also considering mission and reorganization of the State Board staff agencies. The Board is also considering the fair share students should pay for their education and the relationship to needs-based loans. The student fees are currently scheduled to increase by 10% but the presidents are likely to ask for more resources because of the fund shortages.

Staff reported that the State Superintendent assumes the lead in K-12, but the Board is taking a lead in assessment and accountability. They are also looking at the bus systems, retaining teachers, teacher education, teacher certification processes for non-traditional students and a new tiered performance based pay system.

The committee chairs were given a copy of Senator Bunderson's study on education. The study considered consolidation, busing, statewide standards and teacher certification alternatives.

Decisions made:

At the conclusion of their discussion, the committee identified the following themes.

- Education is an investment not an expense
- Education is tied to economic development
- Protect Higher Education and K-12 from further budget cuts
- Consolidation of Services, when possible
 - (supplies, furniture, books, teachers, transportation, services)
- Alternative ways to attract teachers, administrators
- Assessment/Accountability
 - Curriculum alignment
 - IRI
 - Technology
 - At risk students
- Attract/retain educators
- Unfunded mandates
- Accessibility

The committee also identified policy areas for making preliminary recommendations:

K-12

- Protection from additional budget cuts
- Study possible efficiencies

- Consolidation of Services and/or Districts
 - Transportation
- Restoration of important initiatives
 - Standards Implementation
 - Reading (IRI)
 - Technology
- Continued Funding to attract and retain educators
- No unfunded mandates

Higher Ed

- Protection from additional budget cuts
- Additional revenues focused on capital projects
- Equity Funding
- Options for efficiencies—decentralized or centralized

Assignments:

Dr. Hagood has agreed to provide the policy framework for the recommendations. When this becomes available, staff will distribute it to members who will be assigned or volunteer to complete designated segments. When the preliminary report is complete, it will be distributed to all members for review and comment with an opportunity to concur, offer comments or add a minority report. The finished product will be delivered to support staff by November 27th. Staff will format, prepare overheads and take other appropriate steps as necessary for the meeting on Monday, December 2.

Next Steps:

The next meeting will be scheduled at the December 3rd meeting.



Governor's 2020 Blue Ribbon Task Force Education Committee Teleconference Minutes of November 27, 2002

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Steve Casey, School District 271
John Roberts, Washington Group International
Nancy Larsen, Ramsey Elementary
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association
Archie Clemens, Admiral, Retired
Jim McClure, Senator, Retired

Members Absent:

Sam Byrd, Idaho Migrant Council
Ray Smelek, Extended Systems

Others in Attendance:

Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Bill Ruud, Governor's Education Policy Advisor
Tom Valasek, staff
Cheryl Brush, staff

Discussion:

Rich Hagood, Co-Chair, opened the meeting at 9:05 a.m. MST, and recapped previous discussions leading to the policy groupings identified in the draft progress report, emailed to members on Monday, November 25. At the last meeting Dr. Hagood agreed to take a "first stab" at developing this report, with certain narrative elements of the report being assigned to other committee members. He explained that each Task Force committee is being asked to submit their recommendations in a standard format, and the four recommendations included in the progress report were put in that format and routed to members yesterday evening by Cheryl. The purpose of the meeting is to focus on those four recommendations, as they will need to be finalized by COB today for submittal to

the full Council meeting on Tuesday, December 3. It was agreed that the full “progress report” be included as an addendum to the committee’s recommendations.

It was noted that there was no reference to the retention of teachers and administrators in the recommendations. This issue is identified in the progress report and will be considered more thoroughly when long-term recommendations are developed.

Recommendation #1 – Exemption of Public Education from Further Cuts

Full consensus was reached in favor of this recommendation. The “disadvantages” listed on this recommendation and the three others were considered speculative. The committee struck them from each recommendation with the caveat that the progress report includes a discussion of the need to find savings within education to help support priority activities. For this process to be more than an education wish list, cost savings must be addressed in the long-term strategies.

Recommendation #2 – Restoration of Funds Sufficient to Maintain Current Operations

This recommendation addresses the need for a stable funding base, and represents an endorsement of initiatives currently underway by the State Board of Education. The committee reached full consensus in favor of this recommendation with the following changes:

1. Revise the language of the recommendation to restore funds for the reading and technology initiatives.
2. Insert language in the “Basis for Recommendation” that compares Idaho’s expenditures per student to other states to support the need for this restoration.
3. Revise the break-outs and dollar amounts in the “Budget Impact” to reflect a continuation of funds for achievement standards, separating the reading and technology initiatives, and explaining that the higher education equity funding amount represents the first of a five year phase in with similar amounts each year.

Recommendation #3 – Study Avenues for Enhancing Governance and Administrative Efficiencies in Higher Education in Idaho

Recommendation # 4 – Study Avenues to Design Administrative Structures and Identify Efficiencies for K-12 Public Education in Idaho

These draft recommendations each called for a \$50,000 legislative allocation to hire professional services to aid the Committee in these studies. This language was altered to indicate the possible need for professional services pending further study by the Committee. Much study has already been done on these issues and the alternatives are fairly straightforward. The key is identifying an effective implementation strategy and building stakeholder buy-in. The SBOE and Superintendent have the staffing resources necessary to study these issues and make recommendations, but lack the broad base of

support necessary for implementation. The broad based nature of the Task Force, its charge from the Governor, combined with the current fiscal crisis, may present a unique opportunity to achieve success. The committee will need to define the scope of these studies to focus on the primary issues and options.

After incorporating these changes, the committee had full consensus in favor of recommendations #3 and 4.

If the committee agrees to pursue a funding request, the committee will have until December 20 for the Governor to consider the request as part of his budget proposal. If the committee asks for funding, the expected accomplishments must be very clear.

Progress Report

The progress report will be amended to include agreed upon changes to the recommendations. Committee members working on text assignments need to get them to Cheryl by close of business today (Wednesday, November 27). Cheryl will route revisions to the Committee on Friday, November 29, and the document will be finalized at our meeting on Monday evening, December 2. The reference to Lewis Clark being the only Idaho higher education institution without an increase in enrollments was deleted, as full-time enrollments at that institution have increased. Concern was expressed about reference to performance based incentive funds to K-12 institutions. The Albertsons Foundation has established a formula for rewarding high performance with Foundation monies. The “No Child Left Behind” national program concentrates on individual student progress rather than institutional performance. The group was reminded that it is not currently endorsing performance-based funding, but rather studying it as part of our long-term recommendations.

The committee must analyze what is driving educational costs up and look at the variety of things we are expecting of our public schools and recognize those imposed “unfunded mandate” costs on our institutions.

Referrals from other Committees

The Education Committee will be receiving a number of referrals from other committees.

Revenue Committee Referrals:

1. Consolidation of Idaho’s 114 school districts
2. School transportation allocations
3. Non-certified teachers – providing teaching opportunities for the uniquely qualified

Government Structure Committee Referrals:

1. Fixed formula on a per county basis for funding school districts

2. Finding efficiencies through coordination of school district services - education service districts
3. Statewide accessibility and utilization of community colleges.

Other Business

The Governor would be willing to invite industry CEO's to meet with the Committee to discuss whether our education system is producing what they need, and if not, why not.

Schedules are filling up fast and it is important for both the Task Force and the Education Committee to identify their meeting schedules for the winter months.

Because of conflicting schedules we should allow opportunities for phone connects to our in-person meetings.

The meeting adjourned at 11:00 am.



Governor's 2020 Blue Ribbon Task Force Education Committee Meeting Minutes of December 2, 2002

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Steve Casey, School District 271
John Roberts, Washington Group International
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association
Archie Clemens, Admiral, Retired
Jim McClure, Senator, Retired

Members Absent:

Sam Byrd, Idaho Migrant Council
Ray Smelek, Extended Systems
Nancy Larsen, Ramsey Elementary

Others in Attendance:

Gary Stivers, Executive Director, State Board of Education
Bill Ruud, Governor's Education Policy Advisor
Tom Valasek, staff
Cheryl Brush, staff

Discussion:

Millie Flandro, Co-Chair, opened the meeting at 7:05 p.m. MST, and recapped the meeting of the Steering Committee earlier in the day. The committee reviewed, edited and approved additional language submitted by committee members for the progress report. The committee then prioritized the four recommendations, with the assigned priorities the same as their current numbering.

Committee members were asked to bring their ideas to the next meeting for identifying specific priorities that build on the themes presented in the progress report, with the intent being to narrow those priorities down to the top four.

Other Business

The following dates were set for future committee meetings: The evening of January 6, 2003 (prior to the full Task Force meeting on January 7, 2003); February 13; and March 13.

The meeting adjourned at 10:00 pm.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON EDUCATION

MONDAY, JANUARY 6, 2003

7:00 – 9:00 P.M.

Job Service Annex Conference Room
Third Street, Boise, ID

TUESDAY, JANUARY 7, 2003

8:45-NOON AND 2:00 – 5:00 P.M.

Department of Commerce Conference Room, Second Floor
Joe R. Williams Building, Boise, ID

Agenda

7:00 p.m.	Welcome Review of Agenda Minutes of December 2, 2002	Millie Flandro, Co-Chair Rich Hagood, Co-Chair
7:10 p.m.	Prioritize K-12 Policy Areas	Millie Flandro, Co-Chair
8:00 p.m.	Prioritize Higher Ed Policy Areas	Rich Hagood, Co-Chair
8:45 p.m.	Short-Term Recommendations	Rich Hagood, Co-Chair
9:00 p.m.	Adjourn	
8:50 a.m.	Review K-12 Policy Areas	Dr. Bob West (Invited) Deputy Superintendent
10:30 a.m.	Discussion of K-12 Policy Areas	Millie Flandro, Co-Chair
Noon	Adjourn to Full Task Force Meeting	
2:00 p.m.	Review Higher Education Policy Areas	Dr. Charles Ruch, President Boise State University
3:30 p.m.	Discussion of Higher Education Policy Areas	Rich Hagood, Co-Chair
4:45 p.m.	Set Next Meeting /Agenda Assign Tasks for Next Meeting	Co-Chairs Co-Chairs
5:00 p.m.	Adjourn	



Governor's 2020 Blue Ribbon Task Force
Education Committee Meeting
Minutes of January 6 and 7, 2003

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Steve Casey, School District 271
John Roberts, Washington Group International
Nancy Larsen, Ramsey Elementary
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association
Jim McClure, Senator, Retired

Members Absent:

Archie Clemens, Admiral, Retired
Sam Byrd, Idaho Migrant Council
Ray Smelek, Extended Systems

Others in Attendance:

Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Tom Valasek, staff
Cheryl Brush, staff

Invited Guests—January 7, 2003:

Dr. Charles Ruch, President, Boise State University
Dr. Bob West, Deputy Superintendent, Department of Education

January 6, 2003

Discussion:

Dr. Hagood opened the meeting at 7:15 p.m. He reviewed the agenda and noted that Skip Oppenheimer met with the Albertson Foundation. He announced that Dr. West and Dr. Ruch would be available on Tuesday to react to the committee's policy areas. Minutes were approved as submitted.

The committee began their review/prioritization of policy areas of interest, starting with higher education.

HIGHER EDUCATION FUNDING

Funding Adequacy Indicators: The committee questioned whether funding adequacy should be on the agenda, noting that results will vary based on institutional mission. The committee questioned whether there were productivity standards in higher education similar to K-12 standards.

There is difficulty in comparing costs/standards in universities with different missions—research, professional-technical, etc. The Board has established peer institutions for comparison purposes. The Presidents are reviewing these because they do not believe they have reached a consensus on peer institutions. There are national norms for budget allocation, salaries, and only more recently, output references. In exchange for greater accountability, there may be greater latitude among the institutions. It was suggested that those institutions with similar roles and missions come together to establish the standards.

Funding Equity: The State Board and the institutions have agreed in concept on funding equity. The committee agreed not to pursue this policy area further because the committee's recommendation endorsed the Board's policy.

Budget and Management Flexibility (Centralization vs. Decentralization): The committee expressed the need to hear more from both sides of this issue, those who have sought uniformity and those seeking more autonomy. As this decision drives many others in higher education, the committee agreed to further pursue this issue.

Stabilization Funds: Everyone would like a dedicated fund, but it is unrealistic to expect that the legislature would have the resources or wherewithal to create such a fund. The committee elected not to pursue this policy area.

Tuition Constitutional Amendment: Dr. Hagood distributed information on the University of Missouri lawsuit finding that they charged tuition when they were not legally entitled to do so. Idaho's Constitution prohibits tuition charges based on the concept that higher education should be free. Fees are charged for various functions, but not for instruction. The Presidents would like to charge more for certain courses—high level, high demand, i.e., differential tuition. There is a funding and a legal issue but a tuition option would allow the student to pay for a higher proportion of costs. The committee reserved the possibility to study this issue further.

HIGHER EDUCATION GOVERNANCE

Mandates Governing Higher Education: The committee determined this is not a high priority and will not pursue this issue.

Statewide System of Community Colleges: These institutions provide accessible, affordable education opportunities, and are able to have lower fees partly because they don't fund research. Many jobs now and in the future will require the degrees gained in these institutions, and the state should have wide access to these educational opportunities. The committee wants to further pursue the possibility of establishing a statewide system of community and professional-technical colleges with a common governance structure.

HIGHER EDUCATION ADMINISTRATIVE STRUCTURES AND EFFICIENCIES

Statewide System for Distance Learning: This issue needs to also address the management of multi-institution sites. There is interest among committee members to pursue this issue further.

Common Data Management System: Higher education is currently working on standardization of data elements. The committee is interested in learning more about this issue, but agreed that the centralization vs. decentralization discussion will be a primary factor in data integration.

Statewide Telecommunications System: This issue will be consolidated with Distance Learning.

HIGHER EDUCATION ACCESSIBILITY AND AFFORDABILITY

Idaho Promise Scholarships: The committee decided not to identify this as a high priority at this time.

Needs-based Scholarships: The number of needs-based scholarships in Idaho is inadequate. The committee would like to pursue this issue.

Loan Forgiveness: The committee will reserve this as a tactic and not address this as an issue.

Differential Tuition: This issue will be consolidated with the tuition issue.

Seamless Transitions: The committee would like to issue a statement of support to encourage the progress that the SBOE is making on this issue, but will not pursue it further.

HIGHER EDUCATION ROLE AND MISSION

Non-Duplicative: All parts of the state are not accessible to all students so some duplication is inevitable. Rather than study this issue further, the committee will issue a declarative statement acknowledging that fact while addressing the importance of specialization. The proliferation of satellite facilities raises the question whether

infrastructures are being developed beyond what Idaho can afford, although it is recognized that these facilities are very important to economic development. SBOE is addressing the issue of operational efficiency of these satellites and the committee encourages this policy development.

ALBERTSON FOUNDATION

The committee is very interested in hearing from the Albertson Foundation and learning more about their “systems approach” to education initiatives, including the reading initiative, teaching technology, and improvement awards for school districts. The Foundation is willing to fund a centralized data system, but after three years the state would need to finance maintenance. Professional development is another area of emphasis for the Foundation, with the ultimate goal being the improvement of student achievement. Skip was requested to arrange for a presentation by the Albertson Foundation at our next meeting.

The committee concluded their meeting at 9:00 p.m. and reconvened January 7th at 8:30 a.m.

The committee opened with a review of the prior night’s decisions:

Higher Education

- Funding adequacy – high priority
- Centralization vs. decentralization – high priority
- Reserve Fund – no longer consider
- Tuition – consider from the potential of legal issues
- Governance – no longer consider constitutional mandates
- Community Colleges – remains a high priority for further study
- Systems (telecommunication, etc.) – remains a high priority with further study
- Accessibility and Affordability – Promise scholarships are a low priority for additional review but needs-based scholarships are a high priority for further study. (This was also clarified to ensure all disadvantaged persons would be considered.)
- Differential tuition – struck from further consideration
- Seamless transition – mid-range priority
- Role and Mission – Integrate in the centralization/decentralization discussion

K-12 POLICY AREAS

Co-Chair Millie Flandro led the review/prioritization of policy areas of interest for K-12.

K-12 FUNDING AND LEARNING ENHANCEMENTS

Stable, Predictable Funding: The committee discussed that a reserve fund was not viable. Stable funding is extremely desirable, but not practical. Budgeting on a two-year cycle might achieve some of these ends without the problems attendant to yearly

budgeting. Dr. West is unfamiliar with situations that have worked with stable funding. School districts currently are able to carry forward funding.

Adequacy: While there was concern that no guarantees can be made, the situation changed with the introduction of standards. The committee discussed adequacy as separate from stable funding. The committee considered a recommendation for a rolling two-year budget as a means to get stable funding for K-12 and higher education.

Adequacy indicators typically have been defined in terms of inputs. Now NCLB requires that every child move logically through the system and achieve standards. This begs the question of what it will take to get us there. Is the funding adequate to achieve standards? Some people fear schools are set up for failure if we don't provide resources to meet the standards. There is a need to look at a reallocation of current funds; do high at risk populations need to be funded differently? National comparisons become less relevant when standards are considered. Technology was used as an example of implementing new processes. There is a precedent for looking at what it will take to achieve certain objectives.

Dr. West offered his perspective noting that it is hard to identify benchmarks. He reminded the committee that 85 cents out of every dollar goes for salaries. We generally expect to improve services by hiring more people or working longer. Dr. West thinks salary and benefits may be a good benchmark because this is the basis for achievement through instruction. Class size may not necessarily be the answer. The committee suggested that this may result in how we reallocate time in the class by focusing on subject areas or students who need attention. Elective classes may be eliminated, etc. A member suggested that perhaps 40% of students would not make the cut score. Parents need to become more involved in helping students make it. Could we look at "X" time to meet the standards? We need to change definitions. Can we look at how we affect the whole state in different schools?

One way to look at this would be to consider the funding formula. There are 750 more teachers than the state funds for salaries. The additional funding comes from the 15% set aside for services. The solution is to re-examine the school funding formula. A member suggested that we identify what information is needed and then target funding formulas to where the money is needed. A member noted that we will never be able to fund all of the needs. Every dollar is the product of trade-offs. The committee expressed concern that we require social costs to be funded by education that are not education costs. Could other than education dollars be needed in the schools? Federal mandates, which pay for 14% of costs for special education, drive what is done. While recognizing that every student can learn something, shifting these costs locally impacts all students. This may cause us to reallocate our money for remediation away from non-mandatory, but important activities.

The committee questioned whether it would be possible to build on something Albertsons is doing. We need to analyze where the money is currently being spent to determine if it

is being used as efficiently as possible. The committee needs to determine what proportion goes to meeting unfunded mandates and quantify some of those costs.

By wrapping the funding and learning enhancements together, the committee expects to achieve more positive reactions and perhaps support from the Albertson Foundation.

Dr. West noted that subject matter certification will be expanding from Title I schools to all schools by 05/06. All teachers are taking the same tests for content and methodology to ensure that all teachers will have core teacher instructional competencies. Candidates and schools are being ranked.

A member noted that teachers require collaboration time to be able to make the improvements. We need to recognize that this is part of adopting new standards. Albertsons grants considered this as an opportunity to work together for developing responses to standards. This is a local issue impacted by contract negotiations. Dr. West suggested that one option may be to extend the calendar either by extending the day or the year. Skip relayed information from Albertsons training on how to collaborate, increase staff capacity, etc.

Jim Shackelford offered to bring information to the committee on firms doing research on the subject of adequacy. Dr. Hagood reminded the group that the original recommendations for studies were based on consolidation, but this may be another study subject. In terms of compensation, MOST proposes three levels of certification and compensation. After Jim brings the information to the committee, they may approach Albertsons to see if they might be willing to assist in a study.

Jim and Steve Casey offered to develop a proposal for the standards/funding adequacy conundrum. Jim will work with Steve and Millie to develop a draft statement in support of standards implementation and the funding issues.

The proposal will include an alternative to the seat time approach to ensure teachers have flexibility to deal with student improvement. Since we've implemented standards, we need funding to follow. One of Albertson Foundation's goals is to collect data to figure out what we should be doing. We need to be willing to realign the existing system to meet the new goals.

ADMINISTRATIVE STRUCTURES AND EFFICIENCIES

Consolidation of School Districts/Administrative Functions: Dr. West noted that in the 1930s Idaho consolidated over 1000 school districts into 300, then in the WWII era that number was reduced again to 116. In the 1990s there were two consolidations because of student loss, and subsequent to that there have been two "deconsolidations" along with the addition of charter schools, which are funded more liberally and tend to create more administrative entities. This may be an opportune time to look at this issue, as the legislature may be amenable to recommendations from this group as an impetus for action. There appear to be three options to consider: 1) make a recommendation for

legislative action; 2) sponsor a study for further review; and 3) recommend an incentive approach, such as creating model ESDs with the possible support from the Albertson Foundation. It would be best if any such strategy related to, or was framed in reference to improving student achievement.

Transportation: The Office of Performance Evaluation conducted a study of public school transportation which concluded that Idaho is as efficient or more so than similarly situated states. The Department of Education continues to tighten up routes/purchasing to control costs, and closely monitors to assure those costs are reimbursable. The biggest potential savings in this area is in realigning rural routes. The Department monitors this function closely, so the committee will not be pursuing this issue.

K-12 Facilities: The facilities issue is being adjudicated by the court system, but there was interest in reviewing the transfer the financing of facilities from the local government to state government to create the same kind of equalization that occurs for operating expenses. Senator McClure agreed to prepare a rationale for this transfer of financing responsibility for review at our next meeting.

Higher Education Presentation from Dr. Charles Ruch, President, BSU

Dr. Hagood welcomed Dr. Ruch, summarized the prior recommendations, and asked Dr. Ruch to comment on the issue of centralization vs. decentralization. Dr. Ruch began by stating that form ought to follow function. What is it that's not working that should be changed? What is it you think is needed for the system to function? He has not found a large centralized system that works well. Centralization would not consider or solve the differences in the institutions. These simple solutions tend to cause one to win while others lose.

Why don't they all have the same computer system? Answer: The needs for institutions are different. He cited the example of demands by centralized vs. decentralized institutions. Function for consistent reporting can be accomplished using multiple systems.

Centralized systems with a chancellor system have a centralized staff that tends to be much larger. There tends to be redundancy.

There is no way to avoid conflict among institutions in the same business. Where do you want the conflict acted out? There will be conflict because it is a dynamic business that demands change.

Where are we in Idaho? Higher education works very well. All four institutions have very different missions. Small high cost programs—law, health science, architecture—should be subject to specialization in an institution. Each institution needs good education, commerce and business, liberal arts and cultural, health care and technology. The institutions can settle differences through the President's Council.

Dr. Ruch believes the Presidents understand the issues and have an orderly way to solve the issues. Where are the conflict issues now—somewhat territorial – populations and institutions aren't always matched. He suggested we're halfway through the shift to a new economy. Higher education is regarded as a necessity for those who are moving ahead. Roles and missions are understood but there are sometimes differences of opinion.

The committee questioned the proliferation of campuses/centers. Dr. Ruch suggested that there is a difference between serving Idaho Falls and Twin Falls where no university system exists, from a University Place issue. When they start competing four blocks from the institution, that is different. He shared that the Board has a new option where the home institution has the first right of refusal for a new program. Dr. Ruch thinks that by spring, there will be guidelines developed for a host institution.

A member offered that in recent years we have tended to build new campuses without thought for affordability. Dr. Ruch responded that we are halfway through a transition from where students were sent away to college as a nice thing to do. Higher education is now a necessity, particularly in urban areas where convenience and opportunity will drive some of the policy decisions. For BSU, issues were that population was moving west and they were landlocked. For cost purposes, they were able to buy property in Canyon County rather than in the city. It is a "convenience" for the citizens to obtain education in the community where they live. Branch campuses are trends.

Half of the state is still of the opinion that people should go away to school while others want more accessibility. Because we are stressed for funds, a member questioned whether we are losing efficiencies by branching out.

Dr. Ruch responded that the agenda for an institution that is not in a metro area is trying to figure out how to serve the areas. Economic development is clearly tied to education. There are frequent questions about what is offered in support of business/workforce development. Education is now as important as bridges and roads.

Dr. Ruch offered that the clear understanding and intent is free transfer among institutions. This is one solution to the problems of locality.

Dr. Ruch suggested that higher education is the most highly regulated institution in the state and that citizens pay for many duplicative services. While all of higher education may not wish to be set free, it may be good to set forth some ideas.

The following are issues from the perspective of the institutions:

- Controller's office – provides no service to the institutions since the institutions must make payroll, pay all checks.
- Purchasing – have a quality relationship but the system is not necessary. Need to double purchase everything. Large universities are like cities unto themselves.

- Public Works – This is not necessary for all institutions. Universities have projects that the state pays for, some institutions pay for and some are paid for by other entities. Smaller institutions may not like to give up the services.
- Human Resources – They are not set up to support institutions. They also negotiated the health plan without contacting their customers and the approach is harmful to the types of hires made by the university. Dr. Ruch acknowledged that while costs would drop for BSU, the overall costs to the state could increase.

Dr. Ruch concluded that BSU wants to be under the same rules as U of I. He asked the committee, how entrepreneurial do you want higher education to be? Some of the southeastern states have moved more toward decentralization. What does the state benefit from entrepreneurial options? We could move towards funding graduates rather than enrollments. What standards might be considered? There ought to be a mechanism whereby an institution promotes learning objectives and then measures its achievement. In the specialized accreditation, there are better models (programs such as nursing, law, licensing boards, etc.). The ticklish area is general education.

Decentralization has a strong favorable response from a policy perspective, but details may confound it. Standards need to be mission based. What is the mission, what are reasonable indicators that the mission is achieved? Dr. Ruch suggested that WICHE states could identify comparables on standard indicators. The Board would be a logical place to work out the differences.

Dr. Hagood asked Dr. Ruch about the community college functions in the universities. Is there a case for a statewide community college system? We could argue that there is a greater state interest in K-12 than perhaps community colleges and finally upper division/graduate programs. Can the case be made for centralization of a community college system rather than a university system?

Dr. Ruch was originally perplexed that the community college functions could be embedded in the university system. It's "untidy". He thinks we currently have the best structure, especially academically because we don't make second-class citizens out of those in the community college function. Writing, communication, math and problem solving are also part of function. Functionally, there is one math and one English program that serves both academic and professional-technical education.

The least expensive courses are in arts and letters. Why do some institutions create programs that aren't transferable? Dr. Ruch would argue that different bosses may be the problem between the lack of transferability. That's the value added to have them integrated in a university.

The downside is that all tech students pay the same fees so the cost is higher than those in comparable programs in standalone community colleges. Dr. Ruch expressed concern that professional-technical programs must report to their own administration as well as

the State Division of Professional-Technical Education. This causes some difficulty in strictly tracking PTE funds.

Dr. Hagood suggested that one way of looking at it would be to pull out community colleges from state universities. He would argue for the Montana system where every community college is tied to a university and retains the advantage of transferability of credits.

Dr. Ruch offered that Dennis Johns and Ames McGinnis are the nation's leading authorities on role and mission. Terry McIver, the former President of the University of Hawaii has a proclivity for reorganization during tough times. Dr. Hagood also suggested Dr. Brown, a former commissioner of education in Seattle.

Differential Tuition: Dr. Ruch offered that before you can argue a policy strategy for financing, you have to come to terms with the tuition issue. As a public policy issue, I would worry about it at the undergraduate level. Should the citizens of the state have a reasonable equal opportunity to pursue the careers they choose? At the graduate level, this is not such a concern. How entrepreneurial do you want them to be? It would cause an access issue. If we had tuition, would students pay more or less? Tuition is the cost of instruction. Fees pay for everything else. The fact is there is a lot of slush. Universities have multiple revenue streams and will come up with a funding mechanism to follow.

The concern is whether you have tuition or fees. The next is some understanding about how you benchmark them—what you need, what citizens can afford, what your competition is spending, and most likely a combination of all of the above. What is the good it provides the individual vs. what it provides society? As a policy matter, we've said society gets all the benefits. They are positional statements. Now we have a game between what can we afford and what do we need. A benchmark should be set internally against discretionary income of citizens, i.e., what did we pay last year, and what are our sister institutions paying against differential fees for undergraduates because many of them can charge whatever the market will bear—but what is the purpose of public institutions?

Gary Stivers offered that professional-technical and university systems have different views. There are some differences in view of “basics” for students. Dr. Rush sees that funds are shifted to basic academic services that are unnecessary. We should hear from Mike Rush about their perspective.

Dr. Ruch noted that they invited both CEOs and HR people. CEOs ask for general skills—good learners, etc. HR people want more focus on specific skills. Are you training for immediate or long range? And PTE is looking at protecting funds for their purpose.

There is a real question about LPNs. Are they getting the same classes and having an opportunity to advance in their career field? The original goal was to have a heavy dependence on RNs based on nursing input, but CEOs wanted more LPNs.

Gary mentioned that the President's Council discussed the tuition area during their morning meeting. The Presidents were enthusiastic about trying to pursue the option to adopt a change to tuition. The option for tuition is statutory except for U of I. At one time, higher education was intended to be available to everyone. Now that it's a necessity, it is no longer accessible to everyone since the state can no longer pay for it. As we opt for tuition, we will need to have needs-based scholarships.

Assignments:

Researchers on K-12 funding/accountability links – Jim Shakelford
Facilities equity suit status – Gary Stivers
Facilities financing – Senator McClure
Rolling two-year budgets – Jeff Shinn will investigate
Funding and learning objectives in K-12 – Jim Shakelford, Steve Casey and Millie Flandro will draft statement
Invite Albertsons to meeting on the 12th – Skip Oppenheimer
Perspective on impact of costs to state if universities are not part of centralized services – Jeff Shinn or other DFM representative
Centralization perspective on higher education – Gary Stivers will talk with Bill Ruud, Office of the Governor
Higher education standards based on individual institutional mission – Dr. Hagood and Skip Oppenheimer will study
Differential tuition – no further study

Next Meeting:

February 12, 2003 in person, in Boise
March 12, 2003 – Location to be determined.
Concluded at 4:00.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON EDUCATION

WEDNESDAY, FEBRUARY 12, 2003

8:00 A.M. – 5:00 P.M.

Job Service Annex Conference Room
Third Street, Boise, ID

Agenda

8:00 a.m.	Welcome Review of Agenda Minutes of December 2, 2002	Millie Flandro, Co-Chair Rich Hagood, Co-Chair
8:10 a.m.	Review K-12 Policy Areas	Millie Flandro, Co-Chair
8:15 a.m.	Rolling Two Year Budget	Jeff Shinn, DFM
8:45 a.m.	Facilities Financing	Senator McClure
9:15 a.m.	Funding-Accountability	Millie Flandro, Co-Chair
9:45 a.m.	Break	
10:00 a.m.	J.A. and Kathryn Albertson Foundation	A. Craig Olson Executive Director
11:30 a.m.	Cost of Decentralization of State Services to Higher Education	Brad Foltman, DFM
Noon	Break for working lunch	
	K-12 Discussion & Recommendations	Millie Flandro, Co-Chair
1:15 p.m.	Review Higher Education Policy Areas	Rich Hagood, Co-Chair
1:30 p.m.	Governor's Views on Centralization	Darrel Deide, Governor's Education Policy Advisor
2:00 p.m.	Centralization Options	Bill Ruud, BSU

2:30 p.m.	Tuition	Bill Ruud, BSU Jane McClaran, DFM
3:00 p.m.	Break	
3:15 p.m.	Higher Education Discussion & Recommendations	Rich Hagood, Co-Chair
4:30 p.m.	Set Next Meeting /Agenda Assign Tasks for Next Meeting	Co-Chairs Co-Chairs
5:00 p.m.	Adjourn	



Governor's 2020 Blue Ribbon Task Force Education Committee Meeting Minutes of February 12, 2003

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Sam Byrd, Idaho Migrant Council
Steve Casey, School District 271
Archie Clemins, Admiral, Retired
Nancy Larsen, Ramsey Elementary
Jim McClure, Senator, Retired
Skip Oppenheimer, Oppenheimer Development Corp.
John Roberts, Washington Group International
Jim Shackelford, Idaho Education Association
Ray Smelek, Extended Systems

Members Absent:

None

Others in Attendance:

A. Craig Olson, Executive Director, Albertson Foundation
Brad Foltman, Budget Bureau Chief, Division of Financial Management
Steve Kenyon, State Controller's Office
Audrey Musgrave, State Controller's Office
Darrel Deide, Governor's Education Policy Advisor
Bill Ruud, BSU
Jane McClaran, Division of Financial Management
Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Tom Valasek, staff
Cheryl Brush, staff

February 12, 2003

Co-Chairs Millie Flandro and Dr. Hagood opened the meeting at 8:10 a.m. The minutes were reviewed and approved as submitted.

State Financing of K-12 School Facilities: Senator McClure presented a proposal for state financing of school facilities. His proposal includes establishment of a fund for building facilities, a description of how to finance the proposal, what to do with current indebtedness, establishment of a consistent building model, and an option for a local district to expand upon the base state model.

Some have perceived as extravagant the facility requests from schools that have filed suits against the state. Any new process would have to provide for some standardization to avoid this. If the state is going to fund the cost of building schools, the state must have a say in the decisions around the type of facility to be built and its location relative to other schools. The state could provide funding for a basic model and the local district could expand upon it using local funds. The committee also suggested the importance of a process to get communities to initiate the process for requesting school financing.

The committee discussed a possible model for financing through a uniform levy across the state. The committee stated that it has long been acknowledged that funding through property taxes is flawed, as there is little relationship between property values and number of students. Archie Clemens introduced the concept of public-private partnerships to leverage public dollars.

Jeff Shinn reported that state money is used in Wyoming and Arizona to build schools. If locals want more amenities than the state will supply, they pay for it. Local districts submit an application, and when approved, the state builds and finances the school. Vermont has a similar option, but limits additional resources.

In some states there is a shifting of property tax revenues to other parts of the state. There are some agricultural areas where there is a lot of land value but individuals have relatively low income. This causes some disconnect between needs and opportunities for funding.

The concept suggests that the current bonded indebtedness would be turned over to the state.

The state has moved away from ad valorem taxes. The idea here would be for the state to take a portion of the property taxes. A concern was expressed that with multiple entities relying on property taxes, there may be difficulties in meeting different needs and it may cause problems in some districts. The committee acknowledged that counties would be treated differently.

SPFLs allow you to collect and spend taxes as you go. It is different from a bond because it doesn't entail borrowing. Property taxes are the source for the fund levy and can be used to fund both facilities and renovation. This may not work as well with a lower tax base.

Public private partnerships could create a more efficient use of resources, such as having the state guarantee yearly “purchase” or “rent” but the private sector would pay for the building. It is a way of getting capital, but doesn’t necessarily save dollars. The committee is interested in having someone speak to them on public-private partnerships to meet the facilities concerns, including the possibilities of standardized school architecture, along with the state financing strategies employed by Arizona and Wyoming.

Stable Financing: Jeff Shinn discussed his research on two-year rolling budgets. The example was that in each legislative session, the legislature would approve two year rolling budgets where the first year would be affirmed and the second year approved. There are no states who budget in this manner.

In Oregon and Washington, they do a two-year biennial budget with one serving as a budgetary period and the second on policy. Oregon has an emergency board to review budgetary issues. The federal budget process has a concept of forward funding which funds a fiscal period a year or two into the future. There is an option for rescissions or “holdbacks” at some point in the future if the revenue isn’t available. To be workable, there would need to be a stabilization fund to avoid cutbacks late in the year.

We need to look at the opportunity for year-end school budget savings to be carried over to the next budget year.

- Decision: We believe there are substantial efficiencies that can be obtained from multi-year funding and it should be studied further. We will identify the appropriate committee for referral.

K-12 Education Adequacy: Statewide performance standards have changed the dynamics of Idaho education funding. The system must adapt to ensure that all students are successful. Now that we agree on the standards, the debate shifts towards funding. We cannot set the standards and refuse to fund the delivery system. We need to acknowledge that different students demand different resources.

Once you have a realistic sense of what is needed, data could drive the discussion rather than perception. Concerns were expressed that if no additional funds are made available, the high performing schools may be impacted. The private investments from the Albertson Foundation have helped some of the high performing schools tremendously.

There was a discussion of “adequate yearly progress.” NCLB requires upward movement of the low performing students, not all students. It was suggested that somewhere in the formula we have factors that consider those on both ends of the spectrum, those who are at risk and those who are high performers. It was felt that the state goals/standards are clear enough to utilize for funding decisions.

There are insufficient resources to do all that we want to do and there are tradeoffs involved in the various categories of need. If resources are insufficient, then standards must be “tweaked” to fit reality.

Albertson Foundation – Craig Olsen, Executive Director

Mr. Olsen summarized what the Albertson Foundation has learned after investing \$180 million in Idaho education over the past six to seven years.

Reading Initiative - \$33 million purchased products and libraries for states; e.g. accelerated reader. Learned that teacher competencies, not program materials, determine success.

Technology Initiative - Up to \$250,000 per school district.

Creating High Performance Schools - It's about change management, leadership development, and extending it down to the principals and teachers. Quality teaching makes a difference. The focus is on systems thinking, collaboration, continuous improvement, quality curriculum, instruction, and assessment. The ISAT test is an example of a pilot that is now funded by the state.

Teaching with Technology - Summer program that teaches teachers how to teach with technology as an adjunct. Hire TWT fellows to assist other teachers. You must reinforce learning with other support activities. Outside evaluation demonstrates more effective classroom teaching.

The Open Book Initiative - \$32 million program stressed teacher involvement. Forty schools are participating fully with others engaged in less comprehensive approaches. Plans are to take it statewide assuming it is successful. This may take about five years and has a Parents-as-Teachers component. If you don't have students reading at 8th grade, you lose them.

Parents as Teachers – Early learning is a priority of the First Lady. She is trying to bring groups together for separate initiatives.

Idaho Student Learning “Kick Off” Incentive Program - All schools are allowed to participate. The program will reward attainment of expected growth. Provides dollars for mid-year ISAT. Grade levels are tested. Money goes to the school with 60% distributed to teachers, and 40% to the School Improvement Team to direct as needed. Good data systems on growth rates in each school are critical. The design is good for start-up but not for sustaining growth.

Idaho Student Information Management System - This program is intended to be used by schools and state agencies to study/track data. The goal is to improve student learning through data analysis and data driven decision-making. Parents could utilize the system to see their student's progress. The Foundation is trying to make it efficient, non-redundant. The focus is on parent, student and teacher to increase understanding and planning. This is a partnership. The \$35 million investment should build it and run it for approximately three years. The legislature needs to commit to fund it after that. The offer is on the table for the legislature.

Other programs include technology, standards, reading materials, ISAT, Idaho MOST, and National Board Certification. Some of these are no longer funded.

The Foundation's emphasis is trying new ideas—not to sustain programs. They want to measure their own impact/success, make better decisions based on research, and build on strengths and overcoming weaknesses.

National priorities include No Child Left Behind, which is good because of the focus on the individual students. The U.S. lags behind in worldwide measures of literacy, coming in 20th in the top 37 countries. State priorities for accountability and student progress require more work. The reading initiatives for the state are doing well. The Foundation may change focus as lower grades make progress. Accountability (NCLB, ISAT, etc.) is moving in the right direction. Reading remains a big issue since only 52% of students in the third grade are reading at grade level. Some groups are far below their grade level. The entire country is in the lower third of industrialized countries and we're average in the U.S. Only 28% of math teachers were educated to teach math. The Governor, with support of Micron and HP, support the Match Academy.

Idaho's Education Strengths - State standards, alignment of curriculum to standards, new ISAT tests for grades 2-10, roadmap for standards (looking at what needs to happen to align standards), pockets of excellence in Idaho schools, some working with low income who are making standards.

Idaho's Education Weaknesses - Average in education—we should be in the top 10. There is a lot being taught that does not meet or is not directed to standards. Many schools do not have continuous improvement and we lack student information. There are many random acts of improvement, but we need to “align our arrows” to coordinate and broaden improvement.

Idaho Business Groups helping education. Many chambers, IACI and a number of ad hoc groups are working to improve education. In other states, different actions are taking place. Business needs to be a leader in transforming education policy.

The Governor wants consistency to align arrows for the long term. We need business participation and a clear focus. They can balance patience and urgency to get things moving for a long time.

Special Report on Educational Service Districts – Thirty-eight states have them. They provide multiple districts with cost effective programs; e.g. purchasing, special ed., speech, hearing, etc.

School District Demographics - About half of Idaho's school districts have less than 500 students. These are candidates for some ESD services. They are being used effectively in other areas. Cited Idaho Falls as helping smaller schools to achieve goals. It's been encouraged by Secretary Page. Some are funded at the state level while others are funded by consortia of schools. There is some opportunity for consolidating school service districts while maintaining identity for schools. Informally, some will happen, but dollars stand in the way of some coordination.

For Idaho to have a great education system we must have the arrows aligned. Cited option where universities could examine data, analyze and train teachers. Important concept is how schools change to keep up with a changing world.

Teacher Retention – Albertsons is doing some things with universities to instruct in teaching reading. Since the focus is K-12, they are not working much on the universities. The teaching report suggests that we're turning out enough teachers, but too many are leaving in the first five years. Concern that many teacher candidates are leaving the state. Teachers leaving the university should be prepared to use the ISAT tests. BSU has a center in their education college that assists with "Creating High Performance Schools." This helps to facilitate action in K-12. We need leadership from schools.

Two opportunities for integration—initial teacher training and to identify deficiencies in K-12 and have the university address those. Why shouldn't universities be the ones to train teachers on new products and services. We are looking at how to integrate higher education into the process.

Albertsons has built labs for communication/video conferencing, etc. and upgrades them in their CHIPS. They believe there should be more technology in schools. Looking to the Internet for communication. The basic infrastructure is a decision point.

In terms of funding adequacy, you need to decide what you want and then what it will cost. Technology is opening doors for creating new solutions. Idaho's problems are manageable compared to highly urbanized states.

Acknowledged that there is no comparability across states. Technology should help solve issues for introducing new course work, specialized training for teachers, and supplemental pieces for training over the Internet. Teachers could become facilitators for a distance/Internet learning course.

Leadership Development – The question was raised regarding how we go about hiring and training principals and superintendents—what is the succession scenario. We are not generating replacements. The question is how formal do you want to make this. We have 525 school board members in Idaho and there needs to be an increased emphasis in providing them with training on their roles and responsibilities.

Comparing School Size and Performance - Does size impact test results? In CHIPS districts, larger districts are a little above average as a general statement while smaller may fall below, but we need more data to make judgments. Schools are very far apart in terms of achievement. There are opportunities in smaller schools.

Decentralization of State Services to Universities

The University Presidents had previously expressed to the committee their desires to decentralize certain administrative functions to make their schools more responsive and

efficient. Brad Foltman, Budget Bureau Chief, Division of Financial Management, addressed the committee regarding the advantages of a centralized system. He stated that centralized accounting/reporting systems provide a consistent source of data, but are not necessarily the most efficient. The information is critical to certain processes, including delivery of information to the financial system, also allowing more consistent and timely response to information requests. Mr. Foltman acknowledged that higher education believes they can achieve savings, and in some cases that may be possible, but that the public demands consistent reporting. Audits are financial, not performance oriented. If there were separate reporting systems, it would be time consuming and error prone.

Some systems should be decentralized to meet special needs, such as student records. There may initially be some savings from decentralized systems, but over time these systems will diverge and no longer be able to support centralized reporting. We enjoy the benefits of a centralized system through the lower costs of bond financing.

Universities are suggesting that it is costing \$1.7 million for totally redundant functions and they are paying for services for which they receive no benefit. The \$1.7 million is not likely all savings, as those costs would have to be spread to other users. Concern was expressed that such “cost shifting” discourages efficiencies.

Bond ratings impact bonds issued by universities and local school districts and there is a financial incentive for these entities to maintain the state’s role. It also provides more seamless records of employees who move among state agencies. Controllers, purchasing, and public works are part of this financial system.

It was acknowledged that the exemptions afforded U of I allowed them to be more efficient. This is an important issue that should not be driven by the current shortfall. With adequate planning and lead time, the roles of the state and the institutions could be redefined. If state money is involved, consistent reporting structures will be a priority. If there is no state money, there is less need to be stringent.

One University System

A member provided the committee with an option for a model that considered consolidation of the state’s universities into a single university system. Under the model, universities would retain their identity but a single President would be responsible for overseeing all universities in the state. To further ensure coordination and eliminate duplication, a single Dean would oversee common courses of study offered at all universities in the system. The committee noted that such a model would meet with great opposition from the education and alumni community.

K-12 Consolidation

The committee considered a proposal to consolidate services but not districts, with the aim to increase efficiency while maintaining local identity. Some agreed that it is possible to maintain school identity with district consolidation, but greater public support

would be needed to effect this change. In a service district option, several functions could be identified for consolidation. A second step may be to consolidate districts voluntarily. Consolidation of services and administration would make sense for many districts because of size issues. The public is calling for consolidation, and it is one of the most commonly received suggestions. If we are looking for efficiencies, we must look at the issue. A national study suggested that when districts exceed 6,000 in student population, they lose their efficiency. Consolidation of services, including administrative services, would have some appeal. Dr. Hagood, John Roberts and Sam Byrd were assigned to develop a specific recommendation. While it is easy to focus on the negatives of this proposal, there is real potential for positive impact.

Adequacy and Equity

The committee accepted the reworded recommendations submitted earlier on funding adequacy and equity. This recommendation did not address teaching competency and teacher retention and another recommendation needs to be drafted in that regard as another agenda item for the next meeting—what’s going on, where are the gaps. Steve Casey and Nancy Larsen were assigned to draft a recommendation.

School Facilities

After committee discussion regarding a proposal to have the state assume responsibility for school facilities and a discussion of alternative funding options, the committee requested that Jim refine his proposal for review at the next meeting. Archie will identify a speaker to share information on public-private financing partnerships. Jeff will be asked to get information on Arizona and Wyoming by e-mail before the next meeting.

Safe Schools/Safe Learning Environments

This will be addressed in our next meeting. Dr. Hagood will invite Pat Harwood to discuss the Healthy Communities/Healthy Youth initiative promoted by the Idaho Association of Cities.

Governor’s Education Issues

Dr. Deide, Governor Kempthorne’s Education Policy Advisor, provided the committee with an overview of the Governor’s education agenda. The last time we had any serious consolidation of school districts was in 1961. The Governor doesn’t want to interrupt the functioning of the school districts but wants more efficiency. There is a bill in the legislature to reduce funding for superintendents of schools with less than 10,000 students. The bill provides for a period of time for schools to transition, but if the school chooses not to consolidate or share superintendents, they would need to provide their own funding to pay the additional costs.

The Governor encourages the committee to fully consider new, untried ideas and not be timid in its recommendations. The Governor’s current priority is to maintain the course

for funding public and higher education in spite of the terrible downturn in the funding stream.

Governor Kempthorne is interested in maintaining education quality and restarting the building projects. If you can't maintain the revenue streams, you can't maintain the services. Both the strength and weakness in Idaho education is at the teaching level; that is where the action is and where the focus should be.

Options for Higher Ed Organization

Dr. Ruud, Boise State University, addressed options for higher education governance in Idaho. Idaho is the only state in the nation with a single board governing K-12 and higher education. This challenges the SBOE to address both K-12 and higher education. There has been some "mission creep" among higher education institutions.

There are three universities, one 4-year college, two community colleges and one technical college. Idaho cannot afford all of these institutions and full facilities in each geographic location. There needs to be a way to coordinate among the schools. There is insufficient oversight of the delivery system.

The Governor is very supportive of the "University Place" concept that houses all university offerings at ideal locations within the community rather than at the scattered locations that currently exist.

We need to arrive at better strategies in our community college system, maximizing programs offered while retaining identities and increasing efficiencies.

Transfer of credits is a statewide mandate for the first two years. Credits are transferred from 2-year academic and a 4-year university academic program; but not all professional technical credits are transferred. The ideal would be a pure 2+2 program where credits could transfer. Now it's more likely 2+3 to make up for other credits.

Common system vs. integrated system - there are "political" issues with consolidation; the focus should be on changing governance, not schools.

In the One University System discussed earlier, there is a single set of deans who report to a single chancellor or president. In some states, the Governor or the Lieutenant Governor serves as the chief education executive.

There is an opportunity for developing a board of regents for higher education, and this is an opportune time. If you separate into two boards, you would be creating a "university" administration. Many states have gone to an odd number of members, less than 10, appointed by the Governor. Models are all appointed, all elected or a combination. The cost of the board is marginal, but the cost of the staff to the board would increase.

The committee could consider a community college system or a Montana system, where community colleges are attached to the nearest university. The committee expressed concerns about the proliferation of campuses and suggested this should be controlled. Degree holders seem to be vested in the current university system so there would be opposition to any consolidation efforts. The committee also questioned how staffing might be organized and how professional-technical education would fit in a separated board.

Tuition Options

Jane McClaran, DFM, provided information on governance for tuition. Prohibitions against charging tuition are governed by the constitution for the U of I and statutes for others. The SBOE approves all fee changes for education. The committee speculated that the question of tuition might best be considered with a change in governance. A change to a single university system might provide an opportunity for promoting tuition charges. The Board is trying to develop policies for a “predictable fee increase” for personal planning.

Centralization vs. Decentralization

The Committee needs to establish an approach for centralization vs. decentralization. Options include a board for each university, a board for K-12 and a separate board for postsecondary, a single administrative board with single universities or a single administrative board with unified universities. Staffing could be provided in a variety of ways including staffing of the K-12 board by the Superintendent’s office and postsecondary by the OSBE.

Under the current organization, the Board’s perspective is that it allows for transition for all levels of education. Another option might be to increase the size of the board and allow subcommittees of the board to deal with K-12 and postsecondary education with the full board convened to deal with issues of coordination. The current organization is constitutional so changes would need to be put to the public. It was suggested that the Workforce Development Council could oversee PTE since it spans higher and secondary education. Gary Stivers will research legal ramifications and pros/cons of the issues especially as they relate to efficiencies.

Assignments:

K-12

Invite speakers on Public Private Partnerships – Archie
Facilities Plan Revisions – Senator McClure
Wyoming/Arizona facility financing models - Jeff
Services and Administrative Consolidation - Rich, John and Sam
Teacher Competency and Retention – Steve and Nancy
Healthy Communities/Healthy Schools- invitation – Rich

Higher Ed

Analysis of higher education options/legal ramifications - Gary

Decisions—

Accepted proposal for adequacy and equity (needs recommendation format).

The meeting was adjourned at 5:00 p.m.

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culasac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise



COMMITTEE ON EDUCATION

WEDNESDAY, MARCH 12, 2003

8:30 A.M. – 5:00 P.M.

Job Service Annex Conference Room
Third Street, Boise, ID

Agenda

8:30 a.m.	Welcome Review of Agenda Minutes of February 12, 2003	Millie Flandro, Co-Chair Rich Hagood, Co-Chair
8:40 a.m.	K-12 Adequacy and Equity Recommendation	Jim Shakelford
9:00 a.m.	K-12 Teacher Competency and Retention – Recommendation	Nancy Larsen
9:30 a.m.	K-12 Facilities – Public/Private Partnerships	Robert Griffin U.S. Navy
11:00 a.m.	K-12 Facilities Financing Recommendation	Senator McClure
11:45 a.m.	Stable Funding Referral Recommendation	Millie Flandro, Co-Chair
Noon	Break for working lunch	
	K-12 Discussion & Recommendations	Millie Flandro, Co-Chair
1:00 p.m.	Healthy Communities – Healthy Youth	Lynn Borud Mercy Medical Center
2:00 p.m.	K-12 Services and Administrative Consolidation – Recommendation	Rich Hagood, Co-Chair
3:00 p.m.	Break	
3:15 p.m.	Higher Education Discussion & Recommendations	Rich Hagood, Co-Chair Bill Ruud, BSU

4:30 p.m.	Set Next Meeting /Agenda Assign Tasks for Next Meeting	Co-Chairs Co-Chairs
5:00 p.m.	Adjourn	



Governor's 2020 Blue Ribbon Task Force Education Committee Meeting Minutes of March 12, 2003

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Steve Casey, School District 271
Archie Clemins, Admiral, Retired
Nancy Larsen, Ramsey Elementary
Jim McClure, Senator, Retired
John Roberts, Washington Group International
Jim Shackelford, Idaho Education Association

Members Absent:

Sam Byrd, Idaho Migrant Council
Skip Oppenheimer, Oppenheimer Development Corp.
Ray Smelek, Extended Systems

Others in Attendance:

Lynn Borud, Mercy Medical Center
Robert Griffin, U.S. Navy
Lindy High, State Department of Education
Bill Ruud, BSU
Gary Stivers, Executive Director, State Board of Education
Tom Valasek, staff
Cheryl Brush, staff

Welcome and Introductions

Millie Flandro, Co-Chair, opened the meeting at 8:45. Minutes were reviewed and approved as submitted. The agenda was reviewed with a goal stated to have recommendations developed in the accepted format. Recommendations for the mid-range are due March 28. Archie Clemins asked that the committee also consider a recommendation on information technology. At the next meeting, the committee also needs to consider rules for home school students.

Education Adequacy

Jim Shackelford presented proposal to do a study on education adequacy to create an understanding on the needs of schools. He recommended that the study be completed by December so that it could be part of the Governor's budget. Based on the premise that the committee supports education standards, the study would be used to establish necessary steps to accomplish those goals for Idaho students. The committee agreed to fine-tune the proposal for consideration of the full Task Force.

Public Private Ventures

Bob Griffin in charge of the Navy acquisition of housing and private facilities presented a power point outlining the approach and value of public-private ventures for Navy housing. Mr. Griffin outlined the cost savings realized by the Navy after they engaged in this process.

Several states, including South Carolina, Texas, New York, and Washington have statewide school design projects. To accomplish this, a state needs to perform a conceptual plan, a legislative plan, an analysis, and different strategies. This process would cost approximately \$75,000. The committee discussed opportunities available from a common design, including possible options when others are built. The committee elected to refine the proposal for consideration of the full Task Force.

Teacher Quality: Recruitment and Retention

Nancy Larsen discussed the proposal. The committee discussed the need to address the entry level salaries and the need to tie the salary into the assessment and accountability concept. While there is a need to extend the work schedule, a professional level salary demands a higher wage than a simple extension for the additional time. With 60% of teachers retiring in the next five years, now is the time to consider new ways to recruit and retain instructors. Nancy will refine the proposal for consideration of the full Task Force.

There will be two recommendations with key points. The first will include lengthening the year, compensation for additional time and wage equity, and rigorous standards for teachers and teacher preparation. A second recommendation will be included for alternative certification.

Teacher preparation has dramatically improved. The committee questioned whether student teachers are being prepared to analyze data necessary in meeting standards. All Idaho teachers must pass the tests for certification.

There is a need to change the perception of tenure as a means to protect poor teachers. Teachers can be fired if they are not performing. The committee suggested a bullet on proper personnel management with routine evaluations. We want a bullet with a requirement for information technology. There does not appear to be an objective to

ensure that every student has a computer or that every school is wired. We need to develop a strategy for integrating technology into the curriculum. Also, we need IT to address individual student needs without needs for more teachers/time—efficient delivery.

Healthy Communities—Healthy Youth

Lynn Borud from Mercy Medical Center presented information on the Healthy Communities Healthy Youth Initiative. He indicated that 50% of the health care system is life style; only 10% is the delivery system. He stressed that all kids are our kids. The basis of the initiative is the concept of developmental assets that support youth. Under the leadership of Idaho Association of Cities, 32 or 33 Idaho communities are now involved. There is a need to build a network of supports for kids including homework clubs and adult mentors. School failure is a public health problem. Those who fail in school are more at risk for health problems.

This is not a project or program; it's a community philosophy. It is better to build a healthy young person than to rehabilitate an adult. It can be a volunteer effort and can be self-supporting. We need to instill an attitude of school and community service. Many issues facing youth must be solved by the community. A big concern is parental absence. An after school academy was started in Coeur d'Alene, but parents found a way to keep their students out.

The committee will develop a recommendation for parental and community involvement to support students and schools.

Education Service Districts

Dr. Hagood shared the purpose of Oregon's ESDs. It is not a consolidation issue but a service issue with a goal of equitable service. There is a cooperative in Idaho headed up by Jerry Evans that does purchasing for schools to obtain a savings. Albertson's data project would be ideally suited for this structure. We need to obtain information from the Department of Education on functions that are consolidated. Lindy will work with Dr. Hagood.

University System

Archie presented a concept for a single university system. The committee discussed that the Board of Regents concept is probably acceptable to the community. There probably will be some resistance to the integrated dean concept. There will also be resistance to integrated administration. Each university has a single dean and an associate dean for each subject area.

One possibility could be to connect the community colleges to the universities. Challenge will be the strategy for getting it there. Will it save money; will it provide better services? The committee expressed concern that it will cause a long-term political

fight. The concept needs public debate. Strategy ought to deal with the total package. There needs to be a long-term implementation plan. We need to meet the needs of Idaho long term.

Next Meeting

Invite Public Safety and discuss the issue of community support for schools.

Final recommendations need to be available on the 26th. Members need e-mails on the 20th to Tom who will e-mail to committee with any recommendations with a response back by the 22nd. A conference call will be held on the 24th at 7:00 p.m. to discuss the items. The April meeting will be on the 4th and the next meeting of the committee will be on May 5, 2003. The final recommendations need to be available for the July 28th meeting of the Task Force.

The committee hasn't addressed the issue of workforce preparation and training, particularly not for those who are left behind. This will be included on the next agenda along with issues for minority students, home-school students, technology, and decentralization.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shaddock, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippets, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON EDUCATION

MONDAY, MAY 5, 2003

8:30 A.M.-3:30 P.M. CONFERENCE ROOM
Third Street, Boise, ID

Agenda

8:30 a.m.	Welcome Review of Agenda Minutes of March 12, 2003	Millie Flandro, Co-Chair Rich Hagood, Co-Chair
8:40 a.m.	"One University System" Recommendation	Archie Clemens
10:00 a.m.	BREAK	
10:15 a.m.	Accessibility of Higher Education	Rich Hagood
11:00 a.m.	Consolidation/Decentralization of Higher Ed Administrative Functions	Pam Ahrens, Director Dept. of Administration
11:30 a.m.	Controller's Perspective	Keith Johnson State Controller
Noon	Break for working lunch Home Schooling (Tentative)	
1:00 p.m.	K-12 Administrator Recruitment & Retention – Recommendation	Nancy Larsen
1:30 p.m.	Safe Schools-Healthy Communities	Rich Hagood
2:00 p.m.	At Risk and LEP Students Recommendation	Sam Byrd
2:30 p.m.	Technology in the Schools Recommendation	Archie Clemens
3:15 p.m.	Set Next Meeting /Agenda Assign Tasks for Next Meeting	Co-Chairs Co-Chairs
3:30 p.m.	Adjourn	



Governor's 2020 Blue Ribbon Task Force Education Committee Meeting Minutes of May 5, 2003

Members in Attendance:

Millie Flandro, Co-Chair, School District 25
Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Sam Byrd, Idaho Migrant Council
Archie Clemens, Admiral, Retired
Nancy Larsen, Ramsey Elementary
Jim McClure, Senator, Retired
Skip Oppenheimer, Oppenheimer Development Corp.
John Roberts, Washington Group International
Jim Shackelford, Idaho Education Association
Ray Smelek, Extended Systems

Members Absent:

Steve Casey, School District 271

Others in Attendance:

Pam Ahrens, Director, Dept. of Administration
Steve Allison, Idaho State Controller
Jan Cox, Dept. of Administration
Brad Foltman, Division of Financial Management
Dan Goicoechea, Idaho State Controller
Lindy High, State Department of Education
Keith Johnson, Idaho State Controller
Steve Kenyon, Idaho State Controller
Jane McClaran, Division of Financial Management
Larry Osgood, Dept. of Administration
Chuck Oxley, Associated Press
Bill Ruud, BSU
Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Rick Thompson, Dept. of Administration
Tom Valasek, staff
Cheryl Brush, staff

Welcome

Millie Flandro, Co-Chair, opened the meeting at 8:45 and reviewed the agenda. Minutes were not available for distribution until later in the day and were not reviewed by the committee.

“One University System”

Recommendation

Archie Clemens summarized the draft recommendation for a Single University System. The goal is to create a single set of administrators and deans and an integrated technology infrastructure. The proposal would also create a Board of Regents. The committee requested information on cost advantages. Tuition would also be considered in the recommendation.

Discussion:

Board of Regents: What happens to the other functions of the Board (historical society, professional-technical education, vocational rehabilitation, etc.)?

Does the state want competition among the public schools? Competition cannot completely be eliminated but a revised structure would help.

A member suggested that the separate Board would have more focus. The Board itself sees coordination between public schools and higher education as an important value and there is the potential that some coordination could be lost.

A concern was expressed that a separate Board may have a tendency to micromanage. There could be two separate staff. Another alternative would be to separate the Board into two functions, perhaps with a single staff. There was a lawsuit, brought by Jerry Evans, when the legislature tried to separate the Boards with the result being a decision that it would require a constitutional amendment.

The expectation for cost savings would come from hiring a single president and single set of deans. It would accomplish personnel savings and better coordination of programs among the universities. To do less than the whole package would yield a larger bureaucracy.

What would be the composition—three regional universities or three universities with statewide reach? The current position is that each university will have separate programs with a statewide reach. The single dean could extend programs statewide without regard to the university. The Board is developing a policy that the regional institution will prevail where two or more universities are offering the same program.

It was suggested that the committee needs to be clear on accountability. In the model under consideration, there would be more autonomy in exchange for results. There

would be a “contract” for achievement of certain performance criteria. Suggested that it would be a function of the Board to set performance standards. We still are lacking performance requirements for higher education.

Structure may be less important. The Board is made up of part-time representatives with full-time staff. There was concern about their span of control and whether a combined Board can adequately supervise the function. The committee expressed differing positions on the issue.

The role of a dean is to be the advocate for program development and faculty in the school. If that individual is not available, where does the focus for that kind of support exist? An alternative position was argued about the satellite centers. The on-campus structures are pretty well defined. New structures are emerging on campus. The focus of the recommendation is the focus among campuses.

Is there a best practices model? The Brown project is a competitive model. When you become dependent upon the state dollars, you have no entrepreneurial spirit. The trend line for public support of public universities is on the decline.

There is also a compact with the public to provide a well-educated workforce. Thinks currently that the publicly funded system ought to provide that accessibility. There is concern with graduation rates for minorities. TVCC opened a program in Caldwell in IMC facilities that serves all students. It was stated that we are not getting access and quality of education from the current system. The hope is that we can provide better programming so that schools can be responsive to the citizens. A member suggested the need for a community college system in the Nampa area.

Twenty-nine percent of Idaho students go on to college with a much smaller number graduating. This is below the national average.

Weaning higher education away from state funds would require changes in attitude, culture at all levels of education, and the public.

The State Board could impact some change by changing management and tenure. If we don't provide access to universities, we can expect to condemn people to poverty and failure. We need to promote structural change.

A member said that they would like a single university and want to put forward the plan but they would add an expanded scholarship program to go along with the tuition.

The committee was polled on their response to the proposal. Comments included the following:

- It will cause a lot of controversy but must be supported if it is the right thing to do.
- The proposal needs to focus on access, costs, mission creep and overlapping functions. The recommendation should focus on improved quality.

- The single dean issue is questioned by some, but supported by others as a means to gain efficiencies across the state.
- Some prefer the competition model. A single university caters to the user but doesn't necessarily bring the strongest school.
- There are some reservations but will support the program. Single deans should be supported to gain efficiencies in program direction.
- There has not been an adequate discussion about professional-technical education and where it would fit in the revised structure.
- There is a need to provide additional opportunities. Some parts of the university system aren't prepared. Some schools are wearing multiple hats and there are pockets that aren't allowed to meet the needs. This may allow the system to be more responsive. An educated populace is critical.
- Access, quality and public policy objectives of the state must be added to cost effectiveness. That shouldn't be the first point. What are the most likely needs of the students? The recommendation on campus organization will draw fire; competition between four year and community colleges will be a problem. It is the right thing to do.
- The quality aspect needs a voice, but the structural aspects are critical to getting it done.

It was moved for adoption as proposed but with the proviso that Dr. Hagood and Archie work on the aspects of quality, access and efficiency as drivers. The committee believed there was a need to develop a second document that serves to "explain" the document. The committee gave unanimous support to the recommendation.

Technology in the Schools Recommendation

In preparing to make this recommendation, Archie visited schools everywhere across the state except eastern Idaho and made the following observations:

- The computer labs are self-defeating and often inaccessible by students for weeks due to testing or other demands.
- 33/40% of students do not have their own computer.
- The teacher's computer is used primarily for administration; it is often the only computer in the class.
- 40/60% of students are in the free lunch program.
- Grades have gone up 15% for those who have computers in the classroom.
- Students who were participating in a program designed to make computers available for 30 days thought they learned more by using computers.
- Teachers must take technology courses; opportunities can be made available to train those with varied skill levels.
- There are no provisions for "refresh" to upgrade computers/software; could lease the computers.
- There are mandated technical computer standards by 2006 in NCLB; students should be proficient by sixth grade.

- For 246,000 children, it is not affordable, but it can be accomplished through coordination.

The committee broke for guest presenters.

Consolidation/Decentralization of Higher Ed Administrative Functions

Director Pam Ahrens represented the Department of Administration as an “operations” branch for state government. They are responsible for procurement, insurance, computers, etc. The processes are sometimes cumbersome, but they provide opportunities to achieve savings. The U of I is exempt. All other institutions follow the formal processes set out for all state government agencies. She detailed some of the improvements in the system. There is some efficiency through volume. There is information technology coordination through Access Idaho and Intermac, which coordinates IT dollars to avoid non-standardized procurements. Rick Thompson, Insurance Management, procures insurance coverage. Customers of the Department are agencies of state government.

There was some concern about the duplication of services between higher education and state agencies. The committee questioned whether creating a competitive or entrepreneurial environment vs. a controlled environment might be most efficient. Ms. Ahrens responded that in terms of construction, the legislature puts into law how dollars should be expended. Each campus, if they get state dollars, must follow procedures even though only a third of the dollars come from the state. The U of I is exempt; others are considered state agencies. It doesn’t make sense to set it up separately but could be coordinated under another body.

The committee questioned whether it is an efficiency or accountability issue. The institutions suggested duplication existed. Ms. Ahrens suggested the question is whether you can obtain better costs centrally. Using the example of insurance, the issue was what the overall costs to the state would be. There needs to be some coordination relative to facilities management. Some suggestions were offered for various activities: procurement could be decentralized as long as it is done according to rule; information technology needs better coordination; insurance could be distributed. Whatever is decided, there needs to be coordination and strong accountability and there should be no stand-alone decisions related to technology.

Controller’s Perspective

Keith Johnson, State Controller, said that technology is one means to allow agencies to have autonomy using centralized functions. In response to a question about accounting fees, Mr. Johnson responded that it is a general fund appropriation for maintenance of a central accounting system. Each agency providing information is assessed a processing fee. The funds flow back to the general fund; it is not a dollar for dollar transaction. The cost of \$1.7 million paid by higher education would not be saved. The total cost would remain relatively stable, although there would be some savings. There is general fund

appropriation in the budget; it would have to be spread among other agencies and reduced from the university system. The Controller would still be responsible, so there would be some accounting for it. On the payroll side, the Controller's office is getting individual data on employees rather than in summary. What they are trying to do now is to get systems to communicate.

There is a conflict of values. They want efficiencies at the university but not at the cost of accountability. The Controller does not want to give up detail. All institutions have an independent audit. The materiality is set at a level that allows compliance with the GAAP. There is not an internal audit function in the Controller's office. The Legislative Auditor does not have the funding to provide internal functions.

The Office of Performance Evaluation is the agency most directly involved with improving performance. The state needs to do more internal audit work. We still have stovepipe systems and lack a good management information system, which is further compromised by independent information development. The state could also do the payroll function for local school districts since it is automated.

The U of I has special functions but provides information to the Controller.

Returned to Technology

Archie led the discussion on the technology recommendation. Every student, including those in K-5, should have a computer. The state will be challenged to come up with the dollars even though the committee expects costs will come down. The larger problem is to get the education system adapted to teach using technology. Today's students will be prepared to work in the classroom as they will have been prepared to use it for teaching. The computer programs designed to assess and teach certain skills have revolutionized the classes in terms of student achievement.

There will be a student computer competency test in 2006. We need to determine how to get it done. We need the computers and training for teachers. A member suggested that we recast the recommendation slightly to incorporate concepts of access to learning resources inside and outside the classroom, the quality of the educational experience, and equality of access to learning resources. What will attract folks to support it? The quality of education related to the outcomes was a suggestion.

Access is a tough sell. Relevance is an important criterion. "Relevance" for young people is different when it comes to expectations for technology. Suggested an alternative, "all young people will need a computer to go to school." One of the states, North Carolina, has developed a process to get computers to every student. Nancy Larsen mentioned that "books" would likely become obsolete—schools will need a delivery mechanism. The committee thinks that younger students cannot be held responsible for a new computer. There needs to be a support system for the students. Want it changed to 2006 to meet standards.

Teachers need to become technology competent. Teacher training and postgraduate updates need to incorporate technology training. Teachers need to know the data management component and the tools needed to employ the computer in the classroom to enhance the curriculum. There are some concerns that students may not gain the personal skills if they are interacting with the computer in the classroom.

By 2008, the state could accomplish this. We could also tie technical competency into higher teacher salary. This would provide time to build the infrastructure. Some standardization, software, etc. is needed for support. There was a lawsuit that says you cannot charge students for anything that is required for graduation. An option would be to require students to have them and give folks a tax credit for providing computers. Archie will do another write-up. Idaho MOST will make recommendations on June 26th with public hearings on the 29th. Will include a reference to Idaho Most with teacher standards.

Home Schooling

An issue related to Home Schooling was referred from Public Safety. Students are removed from school, the parents say they are being home schooled, but none of the students are going to school. The legislature decided it was a parental issue as opposed to a school issue. There was another perspective that some parents are not home schooling up to state standards. The state needs to make it mandatory for assessments of state standards for home schools. This should not be a problem for legitimate home school students.

A community discipline problem should not be turned over to the schools. The committee agreed that students should be tested against a standardized test. Every child ought to be in school or registered as a home school student. Society has a responsibility to educate its young people. Under NCLB, parents should be held responsible and students returned to school if they rank in the bottom 20% of their class. Ray Smelek and Nancy will develop a recommendation.

At Risk and LEP Students Recommendation

Sam Byrd reported that there may be some debate on the numbers of those in Idaho who will be monolingual, but it will be important nonetheless. The dropout rate for Latinos is close to 40%. The Hispanic population is doubling every five years although they remain a relatively small percentage of school populations, approximately 11%. Since 1995, there is almost a 200% increase in the number of monolingual students. The latest estimate is that upwards of 20,000 students are English Language deficient. Eighty-seven districts are now reporting LEPs. In many small school districts, many first year students are monolingual. While a majority are Hispanic, there are other refugees. We have 91 teachers teaching 20,000 students. Many of these are in "pull-out" programs teaching English as a Second Language. We're not doing better and there isn't any accountability. We need to reward those schools that are attaining student outcomes.

Fifty-six percent of students merged in the regular classroom. There isn't a proportionate increase in ESL. This argues for increasing resources and rewarding programs that are effective. All teachers require training. There is a question about whether we are providing a thorough introduction to these students. The recommendation seeks to limit "pull-out" programs. There is a concern that without intervention, there will be failures in standards.

Students are over-represented in remedial education and under-represented in advanced placement. There are no standards on ESL instruction. Evidence is this population didn't do very well on ISAT. We don't really have bi-lingual models. There is an immersion model to teach students Spanish. We should change the way that English is taught patterned after military and religious models to improve languages. To learn another language is beneficial to other performance. The goal is for them to graduate at levels equal to the dominant culture students. Qualified Latino teachers need to be considered. Sam will refine the recommendation.

Set Next Meeting /Agenda

A conference call or meeting will be tentatively scheduled on June 13, 2003 if it is determined to be needed after review of the proposals. Unless the meeting is required, the group will not reconvene until June 24, 2003.

Assign Tasks for Next Meeting

Rich will address Accessibility of Higher Education.

Steve may develop a recommendation for Recruitment and Retention of School Administrators.

Nancy and Ray will refine a recommendation on Home School Students.

Archie and Rich will refine the Single University System recommendation.

Archie will refine the Technology in the Schools recommendation.

Proposals will be due May 30, 2003. Comments from the group will be made by June 6, 2003. At that time, a decision will be made regarding the need for a further meeting.

The meeting adjourned at 3:30 p.m.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

COMMITTEE ON EDUCATION

COMMITTEE ON EDUCATION

DATE: TUESDAY, JUNE 24, 2003

TIME: 9:00 – 11:00 A.M.

LOCATION:

DEPARTMENT OF COMMERCE
SECOND FLOOR
Joe R. Williams Building
700 W. State Street
Boise, Idaho

Agenda

- | | | |
|------------|--|-----------------------|
| 9:00 a.m. | Welcome
Review of Agenda
Minutes of March 12, 2003
Minutes of May 5, 2003 | Rich Hagood, Co-Chair |
| 9:10 a.m. | Review Recommendations
<ul style="list-style-type: none"> • College and University System • Home School Students • Information Technology in Idaho Schools • Improving Success of English Language Learners | Rich Hagood, Co-Chair |
| | Develop Presentation of Recommendations | |
| 11:00 a.m. | Adjourn to Task Force Meeting | |



Governor's 2020 Blue Ribbon Task Force Education Committee Meeting Minutes of June 24, 2003

Members in Attendance:

Dr. Rich Hagood, Co-Chair, Northwest Nazarene University
Sam Byrd, Idaho Migrant Council
Archie Clemins, Admiral, Retired
Nancy Larsen, Ramsey Elementary
Jim McClure, Senator, Retired
Skip Oppenheimer, Oppenheimer Development Corp.
Jim Shackelford, Idaho Education Association
Ray Smelek, Extended Systems

Members Absent:

Millie Flandro, Co-Chair, School District 25
John Roberts, Washington Group International
Steve Casey, School District 271

Others in Attendance:

Martin Santoyo
Jan Santoyo
Connie Seward
Barry Peters
Res Peters
Kim Reiswig
Linda Patchin
Cindy Anderson
Jeff Kezar
Shawna Ipsen
Grant Ipsen
Kelly Vincent
Roger Madsen, Director, Department of Labor
Chuck Winder, Co-Chair
JD Williams, Co-Chair
Megan Reinschmidt, Office of Governor Kempthorne
Lindy High, State Department of Education

Bill Ruud, BSU
Jeff Shinn, Division of Financial Management
Gary Stivers, Executive Director, State Board of Education
Cheryl Brush, Staff

Welcome

Rich Hagood, Co-Chair, opened the meeting at 9:00 a.m. The Chair congratulated Sam Byrd on his recent award for diversity. The minutes of the March 12th and May 5th meetings were approved. He reviewed the agenda and notified the audience that they would follow the agenda as scheduled.

College and University System

Dr. Hagood reminded the committee that the definition of “long-term” is beyond 5 years. The focus has been on public policy, trying to develop recommendations of a policy nature for review and action by the Task Force and ultimately the Governor.

Dr. Hagood began the discussion noting that there are two emphases in recommendation #1, increased access and administrative and structural efficiencies.

Discussion:

- Access to higher education is very important—it takes a single structure to ensure access for all people. The Board of Regents is crucial. The issue of tuition is often defined as keeping people out of school. The state needs a scholarship program to ensure that individuals can afford it.
- Unsure whether the benefits of a single system outweigh the benefits of competition. Support it because it is an idea worth discussing and gives people the opportunity to consider and discuss their own views. Would not be in favor unless they have single deans to create efficiencies and eliminate some duplication among the institutions. Concern was expressed that the need for higher education is not perceived as important when it is essential for giving our children an opportunity for a good future.
- The entire strategy needs to be developed and costed.
- The committee is asking for a greater degree of access and efficiency—this should not be lost in a discussion of how this is done. The concept needs to be protected independent of the approach. There needs to be a strengthened scholarship program to ensure access if tuition is allowed. We need to be inclusive. Adequacy and availability of funds would be an incentive to move individuals forward.

The committee recommended changes to the proposal with the separation of the proposal into two separate recommendations. The committee removed references to a single university system in recommendation #1, altered the recommendation and created a new recommendation that would have the administrative structure defined by a Board of Regents keeping in mind the dual goals of access and efficiency. The two new recommendations were unanimously approved.

Home School Students

Ray Smelek researched the issue. He reported that it became obvious that there was more work to do to become familiar with the issue. It is a very complex issue which requires more information. He recommended that the recommendation be tabled.

It was noted that the recommendation came from Public Safety. A member expressed that Public Safety was dealing with a far different group of parents from the committed parents at the meeting. A member expressed concern that we do not know who the population is or the extent and questioned whether a substitute recommendation should be developed to determine the extent of the problem. The registry idea spoke to this. From a quality of education standpoint, a member asked what one should expect from a public policy perspective.

Barry Peters spoke on behalf of the home school parents in the audience and asked that his letter be attached to the minutes.

He remarked that truancy laws are in effect. It is the parents' responsibility to ensure that students are in school. The juvenile justice system has a great deal of flexibility to address the issue. Any adult who contributes to delinquency by failure to properly educate can be prosecuted.

He believes the number of students in the recommendation is close to the mark. The Idaho Coalition of Home School Educators (ICHE) was contacted by the legislature and the State Board to find out the extent of the problem and agreed to a protocol to address this issue. After three years and fifteen complaints, there was not credible evidence to find a problem. He argued that registration doesn't ensure that a person is educating the children. The next step is to use the assessment, but ISAT doesn't measure the quality of the education. The numbers as a whole can tell you, but individual scores cannot. Home school parents are philosophically opposed to testing as a means to evaluate the teacher. The current system would provide for evidence leading to prosecution of those who are neglecting their children.

A member questioned why they were opposed to testing. Mr. Peters responded that the purpose of the test is to determine if there are problems, but what is the response. Bringing an overlay of government into a system that has excellent results is a problem. The role of the ICHE is to monitor legislation and to administer testing Iowa Assessment of Basic Skills. Of the 4500 to 6500 students, approximately 700 per year are tested,

rotating among students. He cited data in support of his statement that results could be attributed to the entire population of home school students.

Committee members expressed concern about the lack of information to validate the achievement of the system. The Task Force Co-Chair suggested that it may be appropriate to refer the recommendation back to the Public Safety Committee but members rejected the idea noting concern that some may not be receiving the education expected by the society. The intent to register and test is a noble effort to ensure that students are educated, but the results are offensive to the group. The committee concluded they didn't have the information available to make a decision. The committee unanimously voted to withdraw the recommendation.

The committee considered a recommendation to review the issue through fact finding. The committee wanted to ensure that their recommendation to withdraw was not perceived as a decision that there is no problem and another group may want to review it more fully. Rather than developing an alternative recommendation, it was determined that the explanation would be made part of the oral statement.

A substitute motion was made that the committee has insufficient information to resolve the issues presented in the home schooling recommendation as factual but that the issue merits further discussion. The issues are questioning whether children are being left behind and should be registered. Substitute motion prevails.

Information Technology

No discussion requested. Archie Clemins will present.

English Language Learners

No discussion requested. Sam Byrd will present.

The committee adjourned at 11:00 a.m.

Attachment

BARRY PETERS

Attorney at Law, P.A.
Admitted to Practice in Idaho & California

101 Eagle Glen Lane, Suite A
Eagle, Idaho 83616

June 21, 2003

Telephone: (208) 939-2600
Facsimile: (208) 939-2692

Ms. Millie Flandro & Dr. Rich Hagood, Co-Chairs
Education Committee
Blue Ribbon Task Force
Office of the Governor
Boise, Idaho 83720

Re: Draft Recommendation, Home Education

Dear Ms. Flandro, Dr. Hagood, and Members of the Education Committee:

The Boards of Directors of both of the statewide Idaho home schooling organizations, the Idaho Coalition of Home Educators (ICHE) and Christian Homeschoolers of Idaho State (CHOIS), have met to review the draft Education Committee Recommendation regarding home education.

Please accept this letter as the boards' unequivocal statement of opposition to the draft recommendation. The boards encourage you to reject the proposed recommendation in its entirety due to the pervasive misunderstandings it embodies both concerning home education itself, the current state of the law, the educational process, and the fiscal impact that will result from the proposal.

Introduction:

The draft recommendation issues a call for the registration and testing of all home educated students in the state of Idaho. It places on local school districts (or other private organizations approved by the State Board of Education) the burden of administering the state assessment test and prosecuting students and the parents of those students who fail to achieve basic proficiency levels.

One may well wonder how this proposal falls within the purview of the task force's call to offer suggestions designed "*to produce a blueprint that will guide development of an efficient, effective system of government.*" Indeed, in light of the continuing academic struggles experienced by the public school system, it is startling to encounter a proposal that would burden with a massive bureaucracy the very system in Idaho that produces the highest academic achievement levels.

Regardless of how ill-advised the proposal is on a philosophical level, its inaccuracies in a number of other areas (incorrect factual assertions, the failure to recognize existing legal authorities, erroneous educational methodologies, and

Task Force Education Committee Letter
June 21, 2003, Page Two

overlooked fiscal impacts) requires the immediate and unequivocal rejection of the recommendation.

Factual Errors:

For a number of years, the board of the Idaho Coalition of Home Educators has heard allegations from professional educators and various members of the state legislature that there were a significant number of children in the state whose parents claimed that they were teaching their children at home when they were, in fact, giving them no education at all. The Accreditation and Elementary Services Coordinator at the Idaho Department of Education claimed that he received an average of two such reports each week.

ICHE's extensive experience with the home education community had not encountered such situations. Because these reports were almost always third or fourth-hand anecdotal accounts, they were extremely difficult to verify or refute.

Nonetheless, ICHE wanted to know if those reports had merit, and to silence the critics of home education if they did not. As a result, ICHE agreed to set up an informal arrangement with the Idaho Department of Education. It was agreed that the Accreditation and Elementary Services Coordinator would serve as the conduit to pass all reports or complaints received by the department to ICHE. Those reports were then forwarded directly to former Rep. Robert Forrey, an advisor to our organization.

Mr. Forrey, a supporter of home education, agreed that he would personally investigate each situation brought to his attention to ascertain if the parents in question was having genuine difficulties in educating their children. If they were, it was agreed that ICHE would offer assistance to the family through the local ICHE regional coordinator. With the wide array of excellent diagnostic tools and curricula available to home educators, an effective educational program can be designed for the individual needs of each home situation. If the parents were truly incapable of providing competent instruction for their children, ICHE would encourage them to place the children into other private or public school settings.

That system was instigated over three years ago. At the end of one year we met with those who had requested that we set up the system to report on the first year's outcomes. The results: not a single complaint had even been passed on to us.

State agencies then put out the word to school districts across the state encouraging school district and law enforcement personnel to pass on all such complaints to the appropriate person at the Department of Education.

Task Force Education Committee Letter
June 21, 2003, Page Three

Eventually, after another six months, a cluster of complaints were forwarded to ICHE. Each complaint was investigated. The results for the year 2002, each of which were reported back to the Department of Education as promised, were as follows:

<u>Outcome of Inquiry:</u>	<u>No. of Situations</u>
Complaining party failed to respond to letters and calls	6
Complaint did not involve home schooled child	4
Complaining party failed or refused to identify the family about whom the complaint was made	2
Student was not the proper age to be subject to compulsory school law	2
Complaining party or public official indicated the situation was resolved or under control	2
Family and curriculum assessed and found legally adequate	1

Family and curriculum assessed and found not legally adequate: 0

So far in 2003, ICHE has received a total of two "complaints." However, one of those was not a complaint about a home educated student. It was a complaint by a home educating family that their child was being hindered in his efforts to participate in his local public school on a dually-enrolled basis. The other contact was a philosophical complaint concerning the lack of forced testing for home educated students.

In short, the massive problems with home education perceived by the professional education community now appear not merely to have been overblown, but essentially nonexistent.

Another myth with which home educators have more recently dealt is that of the "home educated" juvenile delinquent. Accounts have circulated regarding home educated students running wild in the streets under the guise and protection of home education. However, when asked for specific instances of such claims, none have been produced. Indeed, when an Ada County District court judge was recently asked how many home educated persons had been brought before him on juvenile or criminal charges in his fourteen years on the bench, he reported that not a single criminal or juvenile defendant had been home educated.

Does this prove that home educated students have never been in legal trouble? Of course not. Yet quelling the myth remains difficult, if not impossible.

The Task Force Education Committee is now faced with a draft recommendation which seems to presuppose the existence and truth of these two myths. The recommendation claims that there are a significant number of families claiming to home educate who actually are simply keeping the children "out of school for other reasons,

**Task Force Education Committee Letter
June 21, 2003, Page Four**

e.g. neglect, abuse, and home responsibilities.” The draft recommendation likewise includes numerous references to the “truancy” and “juvenile crimes” of home educated students.

Even if the remainder of the draft recommendation were not fatally flawed, this disturbing mischaracterization of home educated students by itself would render the recommendation unworthy of support. However, the other shortcomings of the recommendation are equally pervasive.

Legal Inaccuracies:

The draft recommendation also reveals a number of erroneous legal assertions.

First, it repeatedly refers to the federal “*No Child Left Behind Act*” as the rationale and standard that should be applied to home educated students. Yet Title 20, section 7886(b) of the Act states the following:

“Nothing in this Act shall be construed to affect a home school, whether or not a home school is treated as a home school or a private school under State law, nor shall any student schooled at home be required to participate in any assessment referenced in this Act.” (emphasis added)

Indeed, any attempt to require home educated students to be tested by an assessment of the type referred to in the Act would violate federal law and might jeopardize the state’s federal funding for education.

Second, the draft recommendation incorrectly asserts that “*(t)here is no provision in the law for the truant officer or any other authority to pursue truancy for home schooled children . . .*” The fact is that, not only are home schooled students subject to all truancy laws, but their parents are also subject to criminal prosecution if they fail to adequately teach their children.

Section 33-206 of the *Idaho Code* states that, “*(a)n habitual truant is . . . any child whose parents or guardians, or any of them, have failed or refused to cause such child to be instructed as provided in section 33-202, Idaho Code, and the child shall come under the purview of the juvenile corrections act if he or she is within the age of compulsory attendance.*” Section 33-202 is the general statute that requires parents to make certain that their children are properly educated, whether within public, private, or parochial school, or by otherwise comparably instructing them at home.

Task Force Education Committee Letter
June 21, 2003, Page Five

Within the *Juvenile Corrections Act*, section 20-526 provides that, “(a)ny person who by any act or neglect encourages, aids, or causes a juvenile to come within the purview or jurisdiction of this chapter . . . shall be guilty of a misdemeanor.” That, of course, includes the parent of any home schooled child who fails to adequately educate that child.

Consequently, the recommendation’s premise that home educated students are not subject to the state’s existing truancy laws is false. Not only the students, but the parents, as well, are subject to prosecution and possible detention or incarceration if the child is not being properly educated.

Third, the recommendation mistakenly asserts that the 1992 amendment to section 33-202 resulted in parents being given control of the educational decisions instead of the local school district. However, both before and after the amendment, that statute began with the unequivocal statement that, “(t)he parent or guardian of any child . . . shall cause the child to be instructed in subjects commonly and usually taught in the public schools of the state of Idaho.” The responsibility has never been the school district’s. It has always been the parents’. The 1992 amendment had absolutely no impact on that fundamental responsibility of the parents.

It is also significant to note that the 1992 amendment was not only supported by home schooling parents, it was supported by various public school administrators, as well. The public school districts only have jurisdiction over the public schools. They have never had, and generally have no desire for, jurisdiction over private schools, parochial schools, or home schools.

Finally, it is worth observing that the draft recommendation, if implemented, would impose a significant bureaucracy on a community that has thus far thrived on precisely those freedoms that have produced the highest academic achievement in the state. Again, one must wonder at the wisdom of governmental intrusion into the very educational system in Idaho that costs the state nothing, and singularly appears not to be in need of fixing.

National studies of academic performance of home educated students have determined that registration and/or testing requirements for home educated students yield no measurable improvement in standardized test scores. On average, test scores are identical whether a state imposes a high degree of regulation, low levels of regulation, or no regulation at all.¹ Since such regulations yield no return on investment, there can be no reason for the state to make that “investment.”

An “*effective and efficient*” form of government would reward those who are excelling with ever greater freedoms. Restricting home educators with the bureaucratic burdens called for by this recommendation would be counterproductive.

Task Force Education Committee Letter
June 21, 2003, Page Six

The foregoing legal misunderstandings have resulted in a draft recommendation that is unsupportable. However, it also suffers from significant errors as to the presumptions it makes with regard to educational methodology.

Educational Fallacies:

The weight of data from several decades of research has established that public school students fail to perform as well academically as do home educated students.²

Based upon recent Iowa Tests of Basic Skills test scores, nationally, public school students score on the 50th percentile on average. Idaho's public school students perform slightly better, having scored on the 54th percentile in 2001, the latest available data. Idaho's own home educated students on average scored on the 84th percentile in 2003.

Public school students who are withdrawn to be taught at home will typically reach the 74th percentile within the first two years. *"On average home school students in grades 1-4 perform one grade level higher than their public and private school counterparts ... [B]y 8th grade, the average home school student performs four grade levels above the national average."*³

Tests from Idaho, from other states, and national tests all yield the same results. The academic performance of home educated students as a group is superior.⁴

It is also interesting to note that the socioeconomic status and educational background of the home schooling parents have no statistically significant impact on the academic achievement of the students. Home educated students from impoverished families, regardless of racial background and regardless of the educational achievement of the parents, attain test scores nearly identical to those attained in families with greater wealth and educational background.⁵

From the standpoint of educational methodology, that the draft recommendation calls for the use of Idaho's statewide assessment test to evaluate the quality of the education being received by the home schooled students is very troubling.

In analyzing the propriety of this approach, consider this: in a typical public school classroom, the scores of students taking the assessment test will yield a bell-curve formation. Depending on many factors other than the skill of the teacher, within the same class some students will score at the top of the range while others score at the bottom. By themselves, the scores obtained by an individual student cannot serve as a valid indicator of the effectiveness of the teacher. If a student scores on the 20th percentile, we may be inclined to judge the teacher harshly. However, if that student had scored on the 10th percentile on the last test, the teacher should have received unrestrained praise for the progress that was seen.

**Task Force Education Committee Letter
June 21, 2003, Page Seven**

The draft recommendation makes this mistake: it suggests that all home educated students be forced to take the state assessment test. Then any home educated student that scores below grade level will be forced out of home education. No consideration will be given to the actual aptitude of the student.

The proposal also raises issues of equal protection of the law. The proposal could result in the forced placement of the home schooled student into public school. On the other hand, public school teachers would never be subject to an equivalent penalty. Public school students scoring below grade level would never be forced from the public schools to be taught in private schools, for example. This distinction arguably amounts to an unconstitutional form of discrimination based upon "family status."

While there is an almost irresistible urge to try to bring accountability to the educational arena by standardized, objective testing, the fact is that such an approach tells us almost nothing about the quality of the instruction actually being received by the individual student.

Fiscal Inaccuracies:

The draft recommendation offers an unreasonable assessment that the testing program could be made financially self-sustaining, evidently by charging the home schooled families enough to cover the cost of administering the test. Several other aspects of that fiscal impact are worthy of comment.

First, why should the home educated students, who are already saving the state thousands of education dollars each year by their nonuse of the public schools, be required to pay for the cost of assessment tests they have no interest in taking?

Second, the cost of administering the assessment test itself is not the entire cost incurred by the state. In fact, it could be a relatively nominal portion of that cost. If the test results reveal home educated students scoring below grade level, those students would very possibly be forced into the public school system. At present, the state of Idaho pays approximately \$5,000.00 for each public school student each year. If the number of home educated students forced into the public system is significant, the public funds necessary to educate those students will be massive. Since special needs students would be those most likely to score below grade level, the cost per year could even be significantly higher.

Finally, the system proposed by the draft recommendation creates a massive financial conflict of interest. Under the proposal, the public school districts will assess the educational achievement of the home educated students. If the student scores below

Task Force Education Committee Letter
June 21, 2003, Page Eight

grade level, there is likelihood that the student will end up attending the public schools. This will trigger additional tax revenues being received by the school. Consequently, the school district has a vested financial interest in the outcome of the test, an incentive to do what it can to see that home educated students fail the test. This conflict of interest will create the appearance of the fox guarding the henhouse.

Conclusions:

On all counts, the ICHE and CHOIS Boards of Directors believe that the draft recommendation is a poor idea.

It is premised on the myth that significant numbers of home schooled students are being educationally neglected by their parents. They are not.

It is premised on the failure to understand that both home schooled students and their parents are already subject to all statutes on truancy and juvenile delinquency.

It fails to recognize that the federal *No Child Left Behind Act* expressly excludes home educated students from the requirements of the Act and forbids the states from subjecting home educated students to those standards.

It proposes the use of individual test scores in a manner that would punish home school teachers while the equivalent affect on public school teachers would be minimal. It also would improperly attempt to use an individual student's test scores as an indicator of the quality of the education being received by that student.

It potentially would result in a significant enlargement of the public education budget if numerous home schooled students were forced into the public school system.

Worst of all, it threatens to trammel the freedoms of the very students and families that have achieved the highest academic results in the state. Instead of rewarding those results with even greater freedoms, the recommendation would subject thousands of students and their parents to threats to their precious liberties.

For all of the foregoing reasons, the Boards of Directors of the Idaho Coalition of Home Educators and Christian Homeschoolers of Idaho State strongly oppose the

///

Task Force Education Committee Letter
June 21, 2003, Page Nine

approval, whether in whole or in part, of the draft recommendation concerning home education.

Sincerely,



Barry Peters, Esq.
Legal Advisor

Idaho Coalition of Home Educators &
Christian Homeschoolers of Idaho State

Copies: ICHE Board of Directors
CHOIS Board of Directors

ENDNOTES

¹ Ray, Brian D. *A Nationwide Study of Home Education: Family Characteristics, Legal Matters, and Student Achievement*. Salem: National Home Education Research Institute, 1990.

Ray, Brian D. *Strengths of Their Own—Home Schoolers Across America: Academic Achievement, Family Characteristics, and Longitudinal Traits*. Salem: National Home Education Research Institute, 1997.

² Ray, Brian D. *Worldwide Guide to Homeschooling*. Nashville: Broadman and Holman Pub, 2002. 52-55.

³ Idaho Coalition of Home Educators. *Iowa Tests of Basic Skills: School District Comparison; Test Results Comparison; Test Results Analysis*. Boise: Idaho Coalition of Home Educators, 2003.

Rudner, Lawrence M. *Educational Policy Analysis Archives: The Scholastic Achievement and Demographic Characteristics of Home School Students in 1998*, vol. 7. <http://epaa.asu.edu>.

⁴ Ray, Brian D. *Worldwide Guide to Homeschooling*. Nashville: Broadman and Holman Pub, 2002. 55.

⁵ Ray, Brian D. *A Nationwide Study of Home Education: Family Characteristics, Legal Matters, and Student Achievement*. Salem: National Home Education Research Institute, 1990.

Ray, Brian D. *Strengths of Their Own—Home Schoolers Across America: Academic Achievement, Family Characteristics, and Longitudinal Traits*. Salem: National Home Education Research Institute, 1997.

Rudner, Lawrence M. *Educational Policy Analysis Archives: The Scholastic Achievement and Demographic Characteristics of Home School Students in 1998*, vol. 7. <http://epaa.asu.edu>.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 13

Public Safety, Transportation and Natural Resources Recommendations

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



PUBLIC SAFETY, TRANSPORTATION & NATURAL RESOURCES COMMITTEE MEMBERSHIP

Dave Bivens - Co-Chair
Ada County Highway District Commissioner, Former Legislator, Meridian

Nancy Merrill - Co-Chair
Eagle City Mayor, Eagle

Jack Buell
President, JMF Company, Inc.
Benewah County Commissioner, St. Maries

Debbie Hall
Homemaker/Small Business Owner, Twin Falls

Guy Hurlbutt
VP, Public Policy & Environment, Boise Cascade Corp., Boise

Sherry Krulitz
Shoshone County Commissioner, Wallace

Randy Olaveson
Idaho AFL-CIO, Pocatello

Judy Woodie
Rancher, Emmett

Darci Yarrington
Executive Director, Voters for Outdoor Idaho, Boise

Staff Support

Administrative Support, Idaho Department of Labor

Gordon Graff
Judy Welker

Division of Financial Management

Randy Tilley

Subject Matter Experts

Tom Beauclair, Corrections Department Director
Col. Dan Charboneau, Idaho State Police Director
Steve Allred, Environmental Quality Department Director
Dean Sangrey, Department of Parks & Recreation
Pat Takasugi, Agriculture Department Director

Jim Ross, Department of Transportation
General John Kane, Military Division Adjutant General
Brent Reinke, Juvenile Corrections Department Director



PUBLIC SAFETY, TRANSPORTATION AND NATURAL RESOURCES COMMITTEE PRELIMINARY RECOMMENDATIONS

PS, T, NR PRELIMINARY RECOMMENDATION #1

Support the expansion of community-based prevention programs for “at risk” youth to decrease the need for treatment and/or incarceration of juvenile offenders.

Basis for recommendation:

Community-based preventative intervention with the “at risk” youth population is much more cost effective than allowing youth to become involved in the juvenile justice system.

Advantages:

- Costs are approximately \$170.00 a day for each incarcerated youth and between \$10.00 and \$25.00 per day for a youth in a community-based program.
- “At risk” youth will be identified at an early stage and diverted from incarceration.

Disadvantages:

- Community protection issues.
- Budget impact on local government.
- Increased caseload and a shortage of local services.

Budget Impact:

- Would require additional funding. Recommend the raising of beer, wine, and tobacco taxes.
- It would require that funds be shifted from the state to local programs.

Risks:

- Possibility of more crime.
- Not enough resources at the community level.

Obstacles: Creating a funding formula that will ensure small cities and counties are adequately funded to operate community-based programs.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s):



PS, T, NR PRELIMINARY RECOMMENDATION #2

Support creative, community-based sentencing alternatives for juvenile offenders. For example, the Reclaim Ohio project.

Basis for recommendation:

Community-based sentencing for juvenile offenders is much more cost effective than allowing youth to become involved in the juvenile justice system.

Advantages: Costs are approximately \$170.00 a day for each incarcerated youth and between \$10.00 and \$25.00 per day for a youth in a community-based program.

Disadvantages:

- Community protection issues.
- Budget impact on local government.
- Increased caseload and a shortage of local services.

Budget Impact: It would require that funds ultimately be shifted from the state to local programs.

Risks:

- May result in a lack of uniform treatment.
- Possibility of more crime.
- Not enough resources at the community level.

Obstacles:

- Creating a funding formula that will ensure small cities and counties are adequately funded to operate community-based programs.
- Providing adequate funding to both the community-based programs and the juvenile justice system during the transition time period.
- Legislative support for tax increase.
- The Reclaim Ohio model worked in 66 of the 88 counties; the funding formula did not work in the rural portions of the state.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #3

We recommend the Governor appoint a group of policy makers, including legislative leadership, to work with the VERA Institute of Justice to assess sentencing for adult offenders in Idaho. Sentencing should be reviewed to determine if current sentencing laws and policies are appropriate for the crime that was committed. While some sentences may be reduced, others may increase for certain crimes.

Basis for recommendation:

The Department of Correction is forecasting that by the year 2008, the prison population will be 2,700 prisoners above capacity. In addition, it costs approximately \$56.00 a day to house one offender. We can no longer afford to incarcerate offenders at the rate and for the duration occurring under current laws and policies.

Advantages:

- A reduction in the prison growth rate will provide significant cost savings to the state.
- A smaller prison population may forestall the need to build additional correctional facilities.
- Modernizing sentencing will make sentences more appropriate, timely and better matched to offender risk.
- Sentencing changes could improve reintegration for low-risk populations.
- A sentencing commission would provide the state with a method to objectively review sentencing in Idaho.
- It could help prevent low risk offenders from becoming high-risk offenders by housing them separately from high-risk offenders.
- Offenders could be housed in the least restrictive environment possible.
- The sentencing commission could review the impact of any new legislation on prisons.
- The Bureau of Justice has provided funding in the amount of \$33,000 for the VERA Institute of Justice to work with the State of Idaho.

Disadvantages:

Budget Impact: Could be a significant cost savings, assuming changes are implemented.

Risks:

- Sentencing could become more conservative, resulting in longer sentences and higher costs.
- Influence of special interest groups.

Obstacles:

- The consistent application of good-time release policies.
- The scope of the project.

Alternatives:

- An Executive Order impacting sentencing.
- Abolishing truth in sentencing or mandatory minimums.
- Statutory changes.
- A cap on how many people can be sentenced or how many the IDOC will take in.

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.

PS, T, NR PRELIMINARY RECOMMENDATION #4

Appoint an Interim or Ad Hoc Legislative committee to explore reinstituting “good time release” policies for adult offenders in an effort to substantially reduce the growth rate in prisons. Good time should be tied to successful program completion and/or good behavior and should also be considered for offenders on community supervision.

Basis for recommendation:

The Department of Correction is forecasting that by the year 2008, the prison population will be 2,700 prisoners above capacity. In addition, it costs approximately \$56.00 a day to house one offender. We can no longer afford to incarcerate offenders at the rate and for the duration occurring under current laws and policies.

Advantages:

- A reduction in the prison growth rate will provide significant cost savings to the state.
- A smaller prison population may forestall the need to build additional correctional facilities.
- Would balance incentives and sanctions.
- Inmates would have an incentive to parole rather than to stay in prison until their full term release dates which would encourage rehabilitation.
- Would promote positive social behavior in prisons and increase safety.

Disadvantages:

Budget Impact: Could be a significant cost savings.

Risks: There could be an increased risk to the community if no controls or services are available in the community.

Obstacles:

- Legislative and Judicial support.
- The consistent application of good time release policies.
- Public opinion.

Alternatives: Early discharge of offenders.

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #5

Support specialized treatment and funding for inmates with mental illness being held within the state correctional system.

Basis for recommendation:

There are currently no treatment or rehabilitation opportunities available for the mentally ill inmates in prison. As a result, individuals are returned to their communities without proper preparation and with a high probability that they will re-offend. Sixteen percent of the offender population has mental health issues and they are housed in high-cost maximum-security units because programs are not available to effectively handle their situation.

Advantages:

- Rehabilitation rather than warehousing of prisoners.
- Lower recidivism rate.
- Better use of maximum-security prison space.
- Compliance with the state statute requiring a secure mental health facility.
- More appropriate treatment and rehabilitation for the mentally ill.
- Increased safety and security.
- Help the state avoid litigation.

Disadvantages:

Budget Impact:

- Would require additional funding. Recommend the raising of beer, wine, and tobacco taxes (this will be addressed at a later date by the Revenue Committee).
- A 55,000 square-foot, 200-bed facility would cost \$15.5 million.

Risks: There would be no added risks, should only be a reduction of risk.

Obstacles:

Alternatives:

- House mentally ill offenders out of state.
- Mental health courts.
- Health & Welfare facilities.

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #6

Support specialized treatment, funding, and alternative housing for geriatric inmates held within the state correctional system. Many of these offenders could be supervised in the community.

Basis for recommendation:

There are currently no treatment or rehabilitation opportunities available to the special population groups in prison. As a result, individuals are returned to their communities without proper preparation and a high probability that they will re-offend. Significant numbers of special population inmates are housed in high-cost prison beds because programs are not available to effectively handle their situation.

Advantages:

- Provide safety and medical care to geriatric offenders.
- Would be able to supervise these offenders at a lower custody level and make better use of prison space.
- Significant cost savings as geriatric offenders would be housed in the least restrictive environment possible.
- Satisfy ADA requirements.
- The community would be responsible for these offenders rather than the state.

Disadvantages:

Budget Impact: Would significantly reduce costs.

Risks: Many geriatric offenders are sex offenders. There could be a heightened risk for them to re-offend.

Obstacles:

- Community resistance.
- Statutory authority/Parole Commission/Risk.

Alternatives:

- Global Positioning Technology.
- Community Group Homes.

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.

PS, T, NR PRELIMINARY RECOMMENDATION #7

Support specialized treatment and funding for the sex offender special population group held within the state correctional system.

Basis for recommendation:

There are currently no treatment or rehabilitation opportunities available to the special population groups in prison. As a result, individuals are returned to their communities without proper preparation and a high probability that they will re-offend. Significant numbers of special population inmates are housed in higher-cost prison beds because programs are not available to effectively handle their situation. Currently sex offenders do not get assessments because they are too expensive.

Advantages:

- Rehabilitation rather than warehousing of prisoners.
- Lower recidivism rate.
- Makes better use of prison space.
- Increased programming effectiveness and increased intensive programming.
- Offenders would be housed in the least restrictive environment possible.
- Offender safety (sex offenders are often preyed upon in prison).
- Management of the sex offender would be easier. They could be separated by hierarchy of risk. There are many dimensions to sex offenders. Not all of them are pedophiles and rapists. Some would require treatment, others would not.

Disadvantages:

- Stigma associated with being a sex offender.
- Cost of treatment is expensive.

Budget Impact: Would require additional funding.

Risks: Risk of re-offense would be a risk to the community and a legal risk to the Department of Correction.

Obstacles:

- Lack of community support.
- No proven model for treating sex offenders.
- Lack of appreciation of the magnitude of the problem (sex offenders are the second largest group of offenders in prison).

Alternatives:

- Separate building.
- Global Positioning technology.
- Increase the sex offender caseload of Probation & Parole officers.
- Life-time probation for topers.
- Community-based treatment programs (very expensive).
- Residential incarceration for low risk sex offenders.

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.

PS, T, NR PRELIMINARY RECOMMENDATION #8

Support specialized treatment and funding for the substance abuse population held within the state correctional system, in particular the development of a chemical dependency treatment facility (CDT).

Basis for Recommendation:

There are currently no chemical dependency treatment facilities available to the substance abuse offender population. As a result, individuals are returned to the prisons without an opportunity for diversion and with limited opportunity for treatment in prisons. This results in a high probability that they will re-offend. Significant numbers of inmates with substance abuse issues are housed in higher-cost prison facilities because the CDT program is not available to effectively handle their situation.

Advantages:

- Substance abuse treatment rather than warehousing of prisoners.
- Lower recidivism rates.
- Makes better use of prison space.
- Significantly lowers cost.
- Significantly reduces need of additional prison beds.
- Provides judges, probation and parole officers, and the Parole Commission with better alternatives.

Disadvantages: Requires facility space and staffing.

Budget Impact:

- Significantly lowers costs.
- Reduces need for additional prison beds.

Risks:

Obstacles: May have lack of political support for incapacitation and treatment approach to substance abuse instead of punishment approach.

Alternatives:

- Community-operated chemical dependency treatment facilities.
- Chemical dependency treatment options in the county jails.

Minority Opinions:

Possible Implementation Vehicle(s): State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #9:

Continue to review state-owned properties for consolidation, acquisition and/or disposal using established criteria developed to ensure that such consolidation, acquisition or disposal provides an adequate return to the endowment beneficiary.

Basis for recommendation:

The Department of Lands administers parcels of land where the land use has changed over time. For example, activities on neighboring property may have caused some parcels of land to increase or decrease in value such that the original use of the land is no longer supportable. Additionally, scattered parcels of land might be more effectively managed if consolidated into larger tracts.

Advantages:

- Acquire/dispose of properties with the net result being to increase income to the endowment beneficiary.
- Diversify the endowment real estate holdings to provide a more stable income stream over time.
- Improve the productive capability of state endowment property.
- Reduce administrative overhead by consolidating holdings into more logical management units.

Disadvantages:

- Difficult to determine the “best” time to sell or buy property.
- Difficult to locate suitable properties and negotiate acquisition and disposal.

Budget Impact: The Department of Lands currently receives adequate funding to administer a modest land acquisition and disposal program.

Risks:

- There are risks associated with acquiring or disposing of property since anticipated pay-offs may be years into the future.
- Inadequate diversification resulting in unacceptable market exposure.

Obstacles:

- State lessees and permittees and interested public stakeholders may object to disposal of various properties.
- The federal agencies that are potential exchange proponents with the department are typically underfunded making exchanges often difficult. For this reason land exchange with the federal agencies is often a lower priority unless the property to be acquired by the federal agency is identified as being in the “public interest”.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): Federal Rule Change. More leadership in federal agencies providing incentive and priority for land exchanges.

ADDITIONAL COMMENTS

The Idaho Constitution and the Idaho Admission Bill provide overall authority for land sales and exchanges of real property. Idaho Code 58-138 and 58-505 provide legislative authority for land exchanges. Idaho Code 58-133 provides legislative authority for sale/purchases of real property through the land bank process. Idaho Code 58-313 was used by the department to historically sell properties the department and land board chose to sell.



PS, T, NR PRELIMINARY RECOMMENDATION #10

Support transfer of the Threatened and Endangered Wildflower Management program from the Department of Parks and Recreation to the Department of Fish and Game.

Basis for recommendation:

The Department of Parks and Recreation is currently performing needed research on Threatened and Endangered Wildflower species in Idaho through a research agreement with the Department of Fish and Game and the U.S. Fish and Wildlife Service. The Department of Parks and Recreation contracts with the Department of Fish and Game because they have staff trained in the field of Botany and the Department of Fish and Game currently houses and staffs the Idaho Conservation Data Center where inventories and research information on Idaho's rare species (including plants) are maintained. Idaho Code currently divides responsibility for developing delisting plans for Threatened and Endangered Species between Fish and Game and Parks and Recreation. Fish and Game has responsibility for fish and wildlife, while Parks and Recreation has responsibility for plants. Parks and Recreation does not currently have the expertise in dealing with the Endangered Species Act, which is very complicated. Consolidating responsibility for developing delisting plans in one agency would result in a more consistent, coordinated approach to ESA listings, and would strengthen the state position in dealing with those issues.

Advantages:

- By transferring this responsibility from the Department of Parks and Recreation to Department of Fish and Game, the State of Idaho can be assured that the needed research is being conducted by the agency with the most expertise.
- Needless duplication in state agency responsibilities can be avoided.
- Coordination with the USFWS can be streamlined.
- Recognizes existing arrangement.
- Consolidating responsibility in one agency would result in a more consistent and coordinated approach to ESA issues and would strengthen the state position.

Disadvantages: Since the Department of Fish and Game is currently doing the research on Rare Plants for the Department of Parks and Recreation, no major disadvantages are anticipated.

Budget Impact: The Department of Parks and Recreation will transfer all state and federal funds currently available for Rare Plant research to the Department of Fish and Game, along with the responsibility for the program.

Risks:

- Since the Department of Fish and Game is currently doing the research on Rare Plants for the Department of Parks and Recreation, no major changes or risks are anticipated.

- Fish and Game, and the state's ability to respond to ESA issues, would be adversely affected if funding is not transferred with program responsibility.

Obstacles: Several State Statutes relating to Rare Plants need to be amended to implement this recommendation.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #11

Support development of online pesticide licensing by the Department of Agriculture.

Basis for recommendation:

Online pesticide licensing would provide additional licensing options for Idaho's pesticide applicators. This would greatly assist licensing individuals that perform noxious weed control, public health pest control, and insect control among other application areas that affect the public health.

Advantages:

- Easier access for all applicators to license or receive training for licensing.
- Easier access to administrative information for both the public and the program administrators.

Disadvantages:

- A slight possibility to fraud the system.
- System will need physical security means to verify individuals.

Budget Impact:

- Will require computer hardware upgrades for proper administration.
- Will require additional Web development and programming to administer.

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation (wording); State Rule Change (for implementation).



PS, T, NR PRELIMINARY RECOMMENDATION #12

Support a request that the Idaho Legislature adopt a concurrent resolution that creates a task force or committee with active participation by the Department of Transportation's Visioning committee, counties, cities, highway districts, and other entities to study and report issues related to public transportation coordination and funding for urban and rural areas.

Basis for recommendation:

The recommendation was initiated by the Idaho regional transit authorities, Association of Idaho Counties, Idaho Association of Cities, and the Idaho Association of Highway Districts.

Advantages:

- Pulls more people into the process and allows for a free exchange of ideas.
- Will serve as a forum for educating participants as to how the federal government awards funds, assigns control, and mandates fiscal responsibility to grantees.
- Will highlight the differences in urban and rural transit services and funding.
- There are federal funds for public transportation. There are no state funds, only local funds for federal projects and services. Idaho Commission On Aging, Medicaid, Department of Labor, etc., are allowed to use federal funds to achieve specific objectives if "public transportation" is unavailable.
- This will emphasize the need to establish local options for funding public transportation services.

Disadvantages:

- May tend to prioritize one value system over another, i.e., needs versus cost efficiency.
- May allow one group's opinion to dominate smaller or unrepresented needs.

Budget Impact: Some impact on ITD if state agencies are required to provide staff time to collect information from the local level.

Risks:

Obstacles:

- Social service program funds cannot be mixed without changes in federal regulations.
- Urban areas have control of the transportation funding for over half of the state's population.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle(s): State Constitutional Amendment; State Rule Change; Federal Rule Change.



PS, T, NR PRELIMINARY RECOMMENDATION #13

Amend Section 58-133(3), Idaho Code to allow the State Board of Land Commissioners to hold proceeds from the sale of land in the land bank fund for a period not to exceed five (5) years from the effective date of sale.

Basis for recommendation:

Current law allows the Land Board to sell state endowment land under appropriate circumstances and to deposit the proceeds of the sale into a fund known as the "land bank fund". The statutory intent is that these monies will be held in the land bank fund pending the purchase of other land for the benefit of the beneficiaries of the endowment (typically property in like kind to that which was sold). In light of the time required to identify property for purchase, negotiate the purchase, and comply with the necessary administrative and procedural requirements, the two-year deadline for completing the transaction is generally not sufficient. This has a chilling effect on sale and purchase of property as envisioned by Section 58-133, Idaho Code.

Advantages:

Encourages sale of endowment lands that may not be meeting current state needs and replacing those lands with property which is more suitable to the state endowment fund. Allows the Department of Lands sufficient time to identify, negotiate and complete the purchase of lands deemed suitable to the state endowment fund.

Disadvantages:

Requires an amendment to the Idaho Code. In the relatively recent past, the Idaho legislature apparently shortened the deadline in Section 58-133(3), Idaho Code to the current period of two years. The reasons for that action are unknown.

Budget Impact: None.

Risks: None.

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #14

Examine providing the Fish and Game Commission with the flexibility to adjust licensing fees within a legislatively set fee range.

Basis for recommendation:

Currently, license fees are set by statute. This results in long delays in adjusting license fees and, when fees are increased, the increase is substantial resulting in buyer resistance. If too much time passes between fee increases, the Department must reduce spending by scaling back programs and reducing personnel despite increasing public demand for services. When a fee increase is approved, staff is hired and programs are expanded to meet public demand. This fluctuation in staffing and program levels is extremely inefficient. It results in lost time and additional expense to recruit, train and equip new employees and leads to significant reduction in programs despite increasing public demand. Allowing the Commission to adjust fees within a given range would result in more gradual fee increases, would reduce buyer resistance, and would reduce costs associated with recruiting, equipping and training new employees. Allowing the Commission to adjust license fees in response to expenses could, in some cases, also result in reductions in license fees.

Advantages:

- Continuity in providing basic services.
- Increased efficiency by eliminating fluctuations in staffing levels, resulting in continuity in service for customers.
- Smaller fee increases.

Disadvantages: Could mean more frequent fee increases, although fee increases would be smaller.

Budget Impact:

- No general fund impact.
- Would reduce fluctuations in Fish and Game revenue.

Risks:

Obstacles:

Alternatives: Index license fees to inflation rate or cost of doing business.

Minority Opinion(s):

Possible Implementation Vehicle(s): State Legislation.



PS, T, NR PRELIMINARY RECOMMENDATION #15

Support the judicial branch of government's request for adequate funding to support Drug Courts, Family Courts, and Senior Judges.

Basis for recommendation/Advantages:

A current holdback of \$899,000, if made permanent, will affect the ability of the judicial branch to continue cost-savings through the use of drug and family courts.

- Immediacy of sanctions and rewards has a direct effect.
- Encourages much quicker action. Drug courts have been able to access care much more quickly – more open to receiving treatment where traditional system drags out past the appropriate point of action.
- Saves money by quickly dealing with the problem through treatment rather than costly incarceration.
- Have added 13 drug courts in the last 12 months.
- In Ada County alone, have saved \$6,750,000 through drug-free births.
- A drug court graduate's income is likely to increase by nearly \$11,000 per year – and they will pay taxes.

Disadvantages:

Budget Impact:

Risks:

Obstacles:

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle



PS, T, NR PRELIMINARY RECOMMENDATION #16

Consider amending Sections 23-604, 23-949, 18-1502, 39-5703, 20-505, and 20-506, Idaho Code, to transfer the prosecution and adjudication of misdemeanor tobacco and alcohol possession offenses committed by minors under the Juvenile Corrections Act, where more effective intervention, sentencing alternatives, and follow-up procedures for juveniles are available to the court. These offenses would be prosecuted under the Juvenile Corrections Act by way of a uniform citation to minimize law enforcement and prosecutor time and expense.

Basis for recommendation:

This proposed change to the method of prosecuting tobacco and alcohol violations by minors was recommended by a special advisory team of magistrate judges appointed by the Supreme Court to study juvenile justice issues. It found that increasingly alcohol and tobacco use by minors is often a precursor to the commission of more serious juvenile offenses, including the use of more advanced controlled substances, such as marijuana, methamphetamine, and other mood-altering drugs. The Juvenile Corrections Act provides control over the parents of juvenile offenders, which is lacking in adult court, and more youth-oriented sentencing alternatives and tracking procedures designed to achieve a behavioral change in the juvenile's life before he or she progresses to these other crimes. As noted above, the transfer of the offenses to the juvenile court will be revenue neutral and the proposed legislation will be expeditiously charged and prosecuted by the relatively simple citation form, rather than the more formalistic juvenile petition. Moreover, efforts are being explored to mitigate any shift in workload from city officials to county authorities.

Advantages: See basis for recommendation above.

Disadvantages:

Budget Impact: No general fund impact. May be an increase in court fines or fees.

Risks:

Obstacles: Hurdles to cross between city and county jurisdictions. Would require shift from cities to counties, and an appropriate funding mechanism would have to be developed.

Alternatives:

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.



PUBLIC SAFETY, TRANSPORTATION, NATURAL RESOURCES COMMITTEE INTERMEDIATE RECOMMENDATIONS

PS,T,NR Intermediate Recommendation #1:

Increase funding to retain highly skilled and qualified Idaho State Police personnel, especially in the areas of cyber-crime, firearms and forensics.

Basis for recommendation: Considerable investment is made in the hiring and training of officers and other specialized personnel. Every responsible employer seeks the same high quality people that ISP seeks. ISP has lost Troopers, Detectives, and Forensic Scientists to the FBI, Secret Service, Seattle PD, Boise PD, Border Patrol, Air Marshall, U.S. Marshall's office, Spokane PD, Washington State Patrol, the armed forces, and private industry. The primary reason for leaving is better pay. ISP has the need for highly skilled individuals to perform specialized work.

Advantages:

- Cost savings from reduced time spent training personnel.
- More qualified and trained personnel available to serve the public.
- State able to recognize a return on its investment by having more experienced personnel to meet the demand for service, rather than serve as a training ground for other agencies.
- Enhanced professionalism.
- Improved morale.

Disadvantages: Attempts to find funding could result in resource shifting. This should not be done if the result would be to take more troopers off the road.

Budget Impact: Would require additional funding. (Key Committee recommends raising of beer and wine taxes to pay for this.)

Risks:

- Partial resolution if adequate funding is not provided.
- Without incremental annual increases problem resolution would be temporary.
- Without addressing the issue ISP will have reduced numbers of officers who remain with the agency, gaining experience and value to the department.
- Not addressing salaries for forensic lab personnel may result in loss of certain key personnel upon whose expertise some services rely, such as availability of the National Integrated Ballistic Information Network. Loss of services in the state labs means increased costs to all agencies when they must use outside labs to contract for services.

Obstacles: Will require legislation raising taxes and legislative support for appropriation.

Possible Implementation Vehicle: State Legislation.



PS,T,NR Intermediate Recommendation #2:

Replace, improve and update strategically located regional ISP facilities.

Basis for recommendation: Law enforcement work has inherent danger and requires shifts and call-outs well beyond normal work hours; need to secure evidence and protect employees. ISP lost an officer in 1998 due in large part to lack of security at an ISP facility. Leasing facilities that meet special requirements is virtually impossible. Collocation would further support working relationships in a recently reorganized department.

Advantages:

- Construction from sturdy materials that offer protection to occupants.
- Public entrances set back and protected by barriers to prevent cars from being driven into them.
- Secured perimeter to provide safety for personnel.
- Storage area for evidence that is designed and secured for that purpose—for large items as well as small.
- Area large enough to hold region-wide meetings.
- Offices with privacy for supervisors to meet with employees.
- Area secured and designed for investigation interviews.
- Shared facilities for working together better and improved cross-functional communication.

Disadvantages:

- Cost.
- Time required to fully implement.
- Attempts to find funding could result in resource shifting. This should not be done if the result would be to take more troopers off the road.

Budget Impact:

- Significant, but can be broken into annual projects.
- Cost saving measures:
 - a. Plans were developed for the Region 4 building (about to be completed) that can be modified to meet the specific needs of each region.
 - b. Some buildings can be modified, expanded on existing sites.
 - c. Region 3 buildings are planned to be built on the ISP complex in Meridian, already state-owned—plans already developed with minimized costs by using a modification of the Region 4 building.
 - d. Availability of ITD land in Region 1 that could significantly reduce the cost of the new building.

Risks: Potential loss of lab facilities in Region 1 and Region 5 due to change in ownership of current leased sites—each move of a lab requires an additional expenditure of \$250,000. In 2002 both labs experienced such ownership changes.

Obstacles: Legislative support for funding the building program.

Alternatives: Continue to lease multiple, inadequate facilities across the state; in some regions that means four or five separate locations

Possible Implementation Vehicle: State Legislation.



PS,T,NR Intermediate Recommendation #3:

That the Idaho Legislature enact legislation authorizing the Idaho Transportation Department to use the “design-build” procurement method for design and construction of projects, using a “best value” method of awarding project contracts in certain circumstances.

Basis for recommendation: “Design-build” is a procurement method where a single entity or group is contractually responsible for both the design and construction of a project. Performance requirements and financial guarantees are often included in design-build contracting. The current method used by the Idaho Transportation Department (ITD) is “design-bid-build” in which the project design is done by one entity and then a separate entity bids for and builds the project, with the construction contract being awarded to the lowest bidder.

In 1987 the Idaho Legislature authorized the Director of the Department of Administration to use the “design-build” method of construction in letting contracts for all “buildings, improvements, or other public works of the state of Idaho” (Section 67-5711A, Idaho Code). The previous section (67-5711) of Code, however, made it clear that this provision did not apply to the public works of the Idaho Transportation Department except for administrative office buildings. Section 67-2309, Idaho Code, does allow “all officers of the State of Idaho ... required by the statutes of the State of Idaho to advertise for bids on contracts... for public works” including “roadway” to employ the design-build method of construction. The statute, though, does not make clear how design-build interfaces with the existing “lowest responsible bidder” award statutes. Since most design-build contracts are awarded on the basis of “best value” for the public agency, and the design with the lowest cost may not be the one that represents the best value for the public. Most public agencies in Idaho who have used the design-build method have avoided the issue by complying with the lowest responsible bidder statutes. Given this lack of clarity in the statutes, the Deputy Attorney General’s office recommends that ITD seek statutory authority from the Legislature before using the design-build method.

Advantages:

- A major benefit from the use of design build is the delivery of major facilities quicker and at a reduced cost. Large projects are easier to manage under one contract. Project costs are better established and less likely to be increased during construction. Project delivery time is reduced and litigation limited by promoting a non-adversarial relationship between designer and builder.
- Early involvement of the contractor in the design process fosters creative design and construction solutions, leading to innovation and better constructability.
- There is also the time value of money meaning that something built now will be less expensive than in the future.

Disadvantages: Use of design-build would have to be coupled with a financing mechanism other than “pay-as-you-go.” This would require a dedicated funding stream that may be difficult to establish.

Budget Impact: No General Fund impact because funding is through federal and dedicated monies. Shorter construction timeframes are anticipated to reduce costs that would otherwise be subject to inflation.

Possible Implementation Vehicle(s): State Legislation.



PS,T,NR Intermediate Recommendation #4:

Consolidate Motor Carrier mileage audit activities at the State Tax Commission.

Basis for recommendation: Currently, the International Registration Plan (IRP) is administered by the Idaho Transportation Department (ITD) and the International Fuels Tax Agreement (IFTA) is administered by the Idaho State Tax Commission (STC). Both agencies conduct audits for their respective programs. Both agencies review mileage reported by a trucking company by verifying trip related documents.

After reviewing the auditing functions and procedures of both agencies and finding that both agencies audit many of the same records of the same trucking companies it is recommended that the audit activities be consolidated at the State Tax Commission.

Advantages:

- The consolidation of the audit units will reduce the personnel and travel costs of state government.
- One agency auditing for all related programs will minimize the inconvenience to the trucking industry and provide consistent customer service in both the registration and fuels tax areas.
- The examination of a trucking company's records will be performed by one agency, thereby reducing the time it takes to complete registration and fuels tax audits on the company.

Disadvantages:

- Some upfront reduction in audit productivity will be lost until personnel adapt to the change.
- Some upfront cost to relocate personnel is anticipated.

Budget Impact:

- ITD expenses will decrease due to transfer of (4) four FTP's, and elimination of (3) three FTP's.
- STC expenses will increase due to addition of (4) four FTP's and (1) one ½ time temporary employee.
- Net state government savings 3 FTP's, less funding for ½ time temporary employee (\$17,200).
- Estimated certified personnel savings: \$160,000.
- Estimated operating expense savings: \$50,000.

Risks: Potential reduction in audit production during transition.

Obstacles:

- May need legislative approval for operating authority.
- May need state administrative rule revisions.

Alternatives:

- Consolidate audit functions at ITD.
- Conduct joint audits with ITD/STC.
- Continue current bifurcated audit programs.

Possible Implementation Vehicle: Memorandum of Understanding (MOU), State Legislation or Administrative Rule.



PUBLIC SAFETY, TRANSPORTATION & NATURAL RESOURCES COMMITTEE LONG-TERM RECOMMENDATIONS

PS, T & NR Long-Term Recommendation #1:

Provide funding for a centralized state-of-the-art human and animal laboratory.

Basis for recommendation: There is growing concern about threats of bio-terrorism and the introduction of foreign diseases into Idaho. In order to be prepared to address these threats, we need to upgrade and enhance our laboratory capabilities to qualify for a bio-level three facility.

There is precedent for the type of facility we would need. Canada has constructed a state-of-the-art human and animal health diagnostic and research laboratory. This combined laboratory concept could be employed in the development of a laboratory to address Idaho's needs in dealing with bio-terrorism and foreign animal disease threats.

It is important to note that while the state human health laboratory does not meet the requirements for a bio-level three laboratory, an addition to that facility is to be constructed in the near future. However, this addition will not provide for animal health needs.

Currently there are three separate laboratories that provide some level of support for animal disease control programs, animal disease diagnostics, and animal disease research. These include the Idaho State Department of Agriculture Animal Health Laboratory, the University of Idaho Caine Veterinary Teaching and Research Center Laboratory, and the Idaho Department of Fish and Game Wildlife Research Laboratory. At present:

- None of these laboratories are capable of doing all of the functions needed to support regulatory, diagnostics and research;
- None of the physical facilities provide the space necessary to perform all the functions;
- None of the facilities meet the requirements for a bio-level three laboratory, which is required to deal with a number of the disease-causing agents we may be required to handle.

Advantages:

- One multifunctional facility would significantly reduce facility maintenance and equipment costs.
- A combined laboratory could reduce the overall laboratory personnel needs and provide an ability to acquire specialized laboratory expertise that none of the labs can acquire alone.
- Each of the agencies has dedicated personnel and funding to current laboratories. Utilization of these personnel and funding sources in a combined facility would reduce the need for additional resources.
- A combined facility would reduce duplication of equipment, laboratory space and personnel.
- Enables Idaho to provide diagnostics and services needed to address bio-terrorism concerns.
- Enables Idaho researchers to conduct necessary research on bio-level three agents.

Disadvantages: None identified.

Budget Impact:

- Short term impact to budget to design and build a combined laboratory facility.
- Long term impact to budget should be reduced by eliminating duplication of facilities

Risks: No risks apparent for proceeding.

Obstacles: Some entities may not support a combined laboratory facility or the initial cost of building the facility.

Alternatives:

- Combine the three animal labs into a single animal health laboratory facility to meet Idaho's animal health needs.
- Depend upon laboratories in other states to meet the needs of Idaho citizens for laboratory services.

Minority Opinion(s): Preliminary discussions relative to a combined laboratory facility have been held among animal industry groups, the Departments of Agriculture and Fish and Game, and the University of Idaho. There is general support for this concept. These discussions have not included the state human health laboratory.

Possible Implementation Vehicle: State Legislation.



PS, T & NR Long-Term Recommendation #2:

Establish a Governor's task force to study alternatives to Idaho's fuel tax and annual registration fee structure. The task force would coordinate its study with any national committees that are undertaking similar studies of alternative funding mechanisms at the state and national level. The study would also include reviewing and possibly recommending a method of funding based on the findings and conclusions of the Idaho Transportation Resource Task Force and/or other available studies.

Basis for recommendation: Modern technology has considerably increased fuel efficiency to the point that total miles traveled continue to escalate while the revenue generated from fuel used is gradually declining. In addition, because of the price of petroleum fuel and air quality problems, there are some smaller vehicles currently operating on an experimental basis on "fuel cell," hydrogen (water) and largely gas/electrical hybrids.

From FY 1978 to 2004, Annual Vehicle Miles Traveled (AVMT) is projected to increase 104.2%, yet gallons of gasoline taxed is projected to only increase a modest 17%. This suggests that the impact to our state highways continues to increase; yet the revenue necessary for maintenance and construction is not keeping pace. As this gap continues to widen, the disparity between transportation needs and revenues will become more apparent. It is important, then, that an alternative funding source is found that allows the state to better align revenues with needs.

Advantages:

- Depending on the viability of the funding source and method, a new or modified revenue source will help bridge the growing gap between transportation needs and revenues.
- Allows for a proactive stance in preparing the state to have a voice and role in developments at the national level on this issue.
- Idaho Transportation Department in conjunction with cities, counties and highway districts has just issued the final report from the Transportation Resource Task Force on funding. This information on funding and leveraging of resources can definitely be very valuable. The Federal Highway Administration (FHWA) and other states are facing the same problems. However, we need the involvement of additional prominent and elected individuals to broaden the base and increase the "thought and influence" process to accomplish this purpose.

Disadvantages: None if a coordinated effort is focused on the problem with credible and respected leadership.

Budget Impact:

- The implementation of a viable, stable funding source would result in a positive impact to the budget.
- Very little cost other than for task force members' meetings, etc.
- Results should be of great help in providing badly needed funding for construction and maintenance of Idaho roads.

Risks:

- Public perception that the task force is being created to recommend a fuels tax increase.
- Failing to properly plan for the transition from one funding source to another, which can often result in one-time increases or decreases in revenue.
- Failing to properly coordinate the task force study with committee and task force studies occurring at the national level on the same issue.
- Failing to select task force members from a broad cross section of the state.

Obstacles: Possibly developing a revenue generator that will satisfy needs without undue administrative involvement.

Alternatives: Several may be generated as a part of the Task Force recommendations.

Minority Opinion(s): None

Possible Implementation Vehicle: State Constitutional Amendment, State Legislation, Federal Legislation.



PS, T & NR Long-Term Recommendation #3:

Perform an in-depth performance audit for the Department of Health and Welfare Division of Children and Family Services.

Basis for recommendation: A core mission for this Division is to provide access and treatment for youths with Mental Health and Substance abuse issues. Information provided to this committee suggests that these needs may not be sufficiently addressed. When the needs are met it is via court-referred placement into the juvenile correction system.

Specific challenges include the lack of evaluation and treatment resources for mental health cases, failing to act in a timely fashion and difficulty dealing with cases that don't "fit in the IDHW specified criteria." An in-depth assessment is needed to ascertain whether a reprioritization effort and/or funds is necessary; additional dollars are needed; interagency/inter-jurisdiction mediation is required; or a new department with a separate governing board and increased accountability needs to be created.

Advantages:

- Increased services would reduce the number of juveniles placed in state custody to receive services.
- Providing mandated services prior to incarceration would reduce costs.
- Core treatment services provided to youth at risk and their families will lessen the possibilities of further challenges to family, child and community as the child grows up.
- Potential to reduce dual commitment to IDJC and IDHW.

Disadvantages: None. The Department should already be providing for these juveniles.

Budget Impact: Unknown.

Risks: Expanded use of Rule 16 - expands a juvenile corrections or juvenile probation case into a child protection case. The result is often a dual commitment under the Juvenile Corrections Act and the Child Protective Act. A declaration of imminent danger is not required.

Obstacles:

- Significant changes needed within the agency that may or may not be realized.
- Equitable service delivery in Idaho's rural areas is a significant challenge.

Alternatives:

- Implementation of corrective measures within the agency that lead to providing core services and improved customer service in dealing with other agencies and the court.
- Removal of this function from DHW and creation of Department of Children's Services. Providing a core mission to protect and provide necessary treatment services for youth at risk.

Possible Implementation Vehicle: State Legislation.



PS, T & NR Long-Term Recommendation #4:

Reduce the number of boards, commissions or councils by repealing the establishing statutory authority or executive order, and consolidate any necessary and on-going duties and functions within a sponsoring agency. The following section lists a number of such entities recommended for elimination or consolidation.

Basis for recommendation: Although each was created because of conditions or need at the time of establishment, the following boards, commissions, or councils are candidates for repeal:

- Board of Stumpage Commissioners – Established by I.C. §38-1006, provides that any portion of a county requiring stumps removed from lands may be organized into a stumpage district. The last known record of any contract activity by a landowner was in the mid-1980's.
- Keep Idaho Green Committee – Last continued through Executive Order No. 92-8 to conduct a program of education and advertising in order to prevent forest and range fires. The Idaho Department of Lands and the federal Bureau of Land Management have absorbed some duties of the committee.
- Boise River Improvements Commission – Established by I.C. §70-402 in 1937 to have general supervision and control of the construction of river improvements that confine the river in its proper channel in Ada and Canyon counties. The legislation states that upon completion of the construction of said improvements the commission shall cease to exist.
- CDA River & Lake Commission – Established by I.C. §§70-201 – 70-208 to study and investigate ways of eliminating industrial wastes polluting the CDA River and CDA Lake. This commission is no longer active and has been replaced by the Basin Environmental Improvement Project Commission.
- Clean Lakes Coordinating Council – Established by I.C. §§39-6405 – 39-6412 to implement the clean lakes pilot program. This council is no longer active and has been replaced by the Basin Environmental Improvement Project Commission.
- CDA River Basin Commission – Established by I.C. §39-3613 as a citizen committee advisory group to develop and implement a heavy metals cleanup of the CDA Basin. This commission is no longer active and has been replaced by the Basin Environmental Improvement Project Commission.
- Water Conservation Task Force – A task force appointed by the Governor to develop a comprehensive water conservation strategy. The end of 1993 was proposed as the deadline for presentation of goals and strategies.

Advantages: More efficient government.

Budget Impact: None.

Risks: Minimal.

Obstacles: Current state statutes.

Possible Implementation Vehicle: State Legislation, Governor's Executive Order.



PS, T & NR Long-Term Recommendation #5:

Support passage of the Idaho Invasive Species Act.

Basis for recommendation: The land, water, and other resources of Idaho like agriculture, hunting and tourism, are being severely affected by invasions of an increasing number of harmful, invasive species. It is critically important that legislation be enacted to provide for the identification of threats posed by invasive species and establish the authority to carry out control and eradication measures. The Act would provide a legislative charter for the Idaho Invasive Species Council and direct the Council to prepare a strategic plan to counter the threat of invasive species. The Council provides an effective forum for coordinating the many local, state, tribal, federal, and private organizations that could contribute to the fight against invasive species. The bill would clarify duties of the Council and provide for legislative oversight.

Advantages:

- The purpose of the Invasive Species Act is to reverse the trend of increasing invasions by providing policy direction and planning to combat invasive species infestations throughout the state and to prevent the introduction of new species that may be harmful.
- The multitude of public and private entities with an interest in controlling and preventing the spread of harmful invasive species in Idaho need an effective mechanism for cooperation, collaboration, and development of a statewide plan to meet the threat of invasive species.
- A state strategic plan will help ensure that state resources currently used to combat invasive species are used efficiently and directed to the highest priority threats.

Disadvantages: None.

Budget Impact: In the event private, federal or other funds are not available, General Fund appropriations may be necessary to ensure administration of Council operations. Private, federal, and other monies will continue to be sought to fund Council operations.

Risks:

- Staff, funding, and a formal mission are not provided at the level needed to combat the threat of invasive species.
- Knowledge of the harm invasive species can wreak, has not been widespread, so the need for immediate action is not being addressed. Failure to provide policy direction and planning will result in additional invasive species introductions to the state.
- Without coordination of private and state resources matching federal dollars may be lost.

Alternatives: Permit the existing Invasive Species Council established by Executive Order in 2001 to proceed without a legislative mandate.

Possible Implementation Vehicle: State Legislation.



PS, T & NR Long-Term Recommendation #6:

The Governor, by executive order, to create a State Interoperability Executive Council (SIEC) consisting of representation from public safety agencies such as Idaho Sheriff's Association, Idaho Fire Chiefs Association, Idaho Bureau of Emergency Medical Services, Idaho Emergency Management Association, Bureau of Hazardous Materials, Idaho Chiefs of Police Association, Idaho Hospital Association, Idaho Medical Association, INEEL Oversight Commission, Bureau of Disaster Services, Idaho State Police and non-traditional public safety agencies within Idaho, (non-traditional public safety agencies may include agencies such as the Military Division, Department of Lands, Federal Government agencies, Tribal Governments, Fish and Game, Division of Environmental Quality, Department of Agriculture, etc.) which would include specific instructions from the Governor to coordinate an assessment of current systems and needs, and planning, funding, development, implementation, and management of a statewide interoperable communications system for use by all traditional and non-traditional public safety agencies within the state of Idaho. Plans considered or implemented by this Council should also allow for maintenance and upgrade of necessary current emergency communications systems and provide a funding mechanism to ensure system access by all local jurisdictions. Council meetings will be convened and facilitated by the Idaho State Police.

Basis for recommendation: Public safety agencies in Idaho have used radio communications for many decades, most of these systems have been limited in reach and have only enabled communication within a particular group, agency, or jurisdiction. Public safety radio systems operate in different frequency bands, much like AM and FM bands on standard radios. Just as AM radios cannot receive transmissions from FM radio stations, public safety radios in one frequency band cannot receive transmissions from another frequency band. As a result, when public safety agencies from different or multiple jurisdictions respond to incidents, they may not be able to talk with each other on their assigned radios due to incompatible equipment.

Further, the Federal Communications Commission has directed in their Second Report and Order and Further Notice of Proposed Rule Making concerning WT Docket No. 99-87, that all two-way radio manufacturers are required to discontinue production or importation of wideband radios by January of 2008. Additionally, the FCC is also requiring that all public safety entities within the United States move from their current wideband systems to narrowband systems by January of 2018. The FCC is also requiring that six months from the date of publication in the Federal Register, the FCC will not grant wide band licenses to public safety.

It is determined that the need for interoperable communications among traditional and non-traditional public safety agencies is critical to the protection of life and property of the citizens of the State of Idaho. It is also determined that the most effective means to achieve a statewide interoperable communications system is to form a non-partisan committee representative of traditional and non-traditional public safety agencies in the State of Idaho.

Advantages:

- Provide a standardized and centrally managed interoperable communications system, which will serve all of public safety.
- Combined management of federal grants funds for a common communications infrastructure serving all of public safety.
- Greater ability to respond to safety, security, and terrorism issues.
- Provides for a common infrastructure whereby all public safety operates mutually compatible equipment and provides for increased communications capabilities.
- Increases radio frequency spectrum efficiency, by properly loading and operating radio channels within the system.
- Radio coverage areas will increase for smaller agencies by providing the ability to utilize the entire statewide system, as opposed to the present systems, that are only regional or local coverage areas.
- Statewide interoperable radio systems provide increased opportunities to utilize mobile data systems from the vehicle, which would increase officer safety and on scene management capabilities to the emergency responders on scene.
- Interoperable radio systems allow system managers to dynamically assign channels during special tactical situations, natural and manmade disasters, and any other situation where units do not typically work together, but need to communicate during a disaster or emergency.
- Statewide interoperable systems are less susceptible to harmful interference than conventional systems. During the engineering of a wide area system interference issues can be isolated and prevented.
- The State of Idaho already has in place a statewide digital microwave system, which is necessary to construct a statewide interoperable radio system.
- Provides a means by which life-threatening emergencies can be communicated immediately, as opposed to present day conventional systems where the operator is required to wait until the system becomes clear of traffic before having the ability to call for help.
- Multiple priority levels can be assigned so that the system allows access to the most critical users during busy periods.
- An entirely interoperable radio system can be monitored on a continual basis to provide for fault management, configuration management, performance management, and security management. All of which assist to determine proper loading and operation parameters are maintained and insure everyone can communicate when they need to.
- Greater ability to utilize existing and future technologies without major system changes.

Disadvantages:

- Fully interoperable radio systems are expensive to put into place.
- Statewide interoperable systems require a great deal of planning and are very complex.
- Several years of work—multi-year project.
- Requires acceptance among a large, diverse public safety community.

- Public Safety agencies will be required to purchase new equipment in order to participate in a statewide interoperable system.

Budget Impact:

- Funding could potentially come from federal Homeland Security resources. Legislation should be prepared to capture federal funds when available.
- Funding could also come from congressional earmark funds.
- Could be broken into annual projects after an initial investment to do analysis and planning.

Risks:

- Not having interoperability means likely breakdowns in communications at times when communications are most critical, setting up response actions for failure. The need for improved communications is currently the number one recommendation from after incident reviews.
- Public safety agencies will continue to utilize the same antiquated systems that are currently in place and risk not being prepared when the FCC mandate takes effect.
- Larger public safety agencies will create newer independent systems, which will further decrease the possibility of attaining interoperability among public safety.
- Missing out on federal grant opportunities now that may not be available in the future.

Obstacles:

- Dependence on the availability of federal funds.
- Breaking down territorial differences from among the public safety community.
- Providing system architecture to fit everyone's requirements on a timely basis.

Alternatives:

- Continue to use conventional radio systems individually chosen by agencies. In most cases these systems are not interoperable.
- Agencies move to other less congested frequency bands, which further preclude interoperability.

Possible Implementation Vehicle: Governor's Executive Order.



PS, T & NR Long-Term Recommendation #7:

Support efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion.

Basis for recommendation: Consolidating juvenile offenses under the Juvenile Justice Act will minimize law enforcement's confusion when citing youth. By placing tobacco and alcohol offenses under the Juvenile Justice Act families will only need to deal with one court and one aspect of the legal system. This change will also allow jurisdictions dealing with youth offenses to be made aware of the entire situation facing any particular youth and in many cases begin intervention activities before the situation escalates. Additionally, under the Juvenile Justice Act the judiciary can work with the whole family rather than just the offender.

Advantages:

- Allows youthful indiscretions to be dealt with early and not made part of a permanent record.
- Allows for issues in a family or home environment to be addressed as part of dealing with the offense.

Disadvantages: Transfers additional responsibilities from the state to the local level.

Budget Impact: Unknown. Transfers costs from state to county.

Risks: Funding stream will not follow increased responsibilities.

Obstacles: Unknown.

Alternatives: Status quo.

Minority Opinion(s):

Possible Implementation Vehicle: State Legislation.



PS, T & NR Long-Term Recommendation #8:

That the Idaho Legislature enact legislation authorizing the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicles “GARVEE” bonds for the financing of particular transportation projects, payable from federal highway funds and/or fuel tax revenues or other revenues, provided that this be accomplished within the framework of Idaho constitutional and legislative mandates addressing voter approval and public indebtedness issues.

Basis for recommendation: Federal law allows states to use federal highway grants to pay the principal, interest, cost of bond insurance, funding of a reserve account and other costs incidental to the sale of an eligible debt financing instrument referred to as “GARVEE bonds.” The practical effect of the GARVEE Bond authority is to allow states to accelerate the construction of federal-aid eligible projects.

Advantages:

- Allows the State to accelerate the construction schedule of federal-aid projects.
- Achieve direct cost savings by avoiding the inflation costs of constructing the project over several years. Additional savings might be achieved in terms of lower road user costs, and better public convenience and safety.

Disadvantages:

- Requires amendment of the Idaho State Constitution and/or legislative action.
- Interest, insurance and fees could exceed the cost of inflation.
- Requires purchase of additional bond insurance.
- Twenty-year debt obligation, with a six-year limit on spending authority.

Budget Impact:

Risks: Reauthorization every six years. There’s no guarantee funding will exist at the same level for the same programs previously funded.

Obstacles: What part of the state would benefit? Who would absorb costs?

Alternatives:

Possible Implementation Vehicle(s): Statutory and/or constitutional changes that may be required to allow ITD to use this authority include:

- 1) Amend the Idaho Constitution to authorize the Idaho Transportation Board (Board) to issue bonds for particular projects without voter approval, and to pledge and utilize federal highway grant funds (and possibly motor fuel taxes or other revenues)

to pay such bonds. This would require legislative approval of a proposed constitutional amendment, followed by voter approval at a general election;

- 2) Enact legislation authorizing the Board to issue revenue anticipation obligations (GARVEE bonds) in anticipation of future federal highway grants, in which the legislature would specifically provide that such debts were a) for “ordinary operating expenses” of the Department, b) that the obligations are not a debt of the state and c) that they are not payable from any state funds other than the federal highway grant revenue. Such legislation would likely require judicial review prior to receiving the approval of bond counsel;
- 3) Enact legislation creating a bond-issuing authority as an “independent public body corporate and politic” which has the authority to issue bonds for transportation projects payable from federal highway grant funds only. No pledge of fuel tax or other revenues would be permitted to support a bond issued by such an authority without legislative authority and voter approval. Judicial review of such legislation would likely be required; and
- 4) Enact legislation authorizing the issuance of bonds payable from federal highway grant funds and/or fuel taxes or other revenues, or any combination of these funds, and obtain voter approval in compliance with Article 8, Section 1 of the Idaho Constitution.



PS, T & NR Long-Term Recommendation #9:

Increase taxes and/or licensing fees on beer and wine to enhance resource availability to address social and criminal issues resulting from substance abuse.

Basis for recommendation: The cost to society to deal with the issues associated with substance abuse is astronomical. A recent survey on the financial impacts of alcohol abuse was mailed to 120 local and state governmental entities in Idaho. The survey requested each organization to provide actual or estimated agency costs incurred to address alcohol related problems. At this time, 19 of the 120 surveys have been returned. For the 19 entities reporting, the annual cost of alcohol abuse was estimated to be \$59,661,245. Using this number to estimate the cost for the other 101 entities would lead us to believe that the annual cost to the state to address alcohol abuse may be as high as \$120,000,000 to \$500,000,000. Prevention/education, treatment and incarceration are all critical components of this issue and their cost should be borne by what could be considered the fundamental cause of the problem.

Advantages:

- The tax would raise necessary revenue to enhance the state's ability to address alcohol issues.
- The beer tax has not seen an increase since 1961. The wine tax has not been increased since 1971. Tax erosion over time provides beer/wine wholesalers and distributors a competitive price advantage over spirits. An increase in beer and wine taxes would help reverse this trend.
- The cost of alcohol abuse places massive pressure on state and local government agency budgets. By increasing beer/wine tax rates or licensing fees, the costs associated with alcohol abuse could be shifted away from financially strapped general funds of the state and local governments.

Budget Impact: Increased revenues would be earmarked for substance abuse programs.

Risks: The demand on state and local entities to address substance abuse issues will continue to grow without adequate resources to deal with the problems.

Obstacles: The beverage distributors lobby will aggressively oppose increased taxes or fees.

Possible Implementation Vehicle: State Legislation.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 14

Public Safety, Transportation and Natural Resources Agendas and Minutes

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



**PUBLIC SAFETY, TRANSPORTATION, AND NATURAL RESOURCES
COMMITTEE
MEETING SCHEDULE**

October 11, 2002

October 30-31, 2002

November 14-15, 2002

January 3, 2003

January 7, 2003

February 6, 2003

March 12, 2003

May 8, 2003

June 11, 2003

June 24, 2003



Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – October 11, 2002

Meeting Location – Joe R. Williams Building, West Conference Room – Boise, ID

Attendance:

Committee Members: Dave Bivens, Nancy Merrill, Debbie Hall, Guy Hurlbutt, Sherry Krulitz, Randy Olaveson, Judy Woodie, Darci Yarrington.

Support Staff: Randy Tilley, Judy Welker, Gordon Graff.

State Staff Providing Information: Tom Beauclair, Col. E.D. Strickfaden, Brent Reinke, Dave Rich, Paul Carroll, John McGee, Bob Hillman, John Chatburn, Larry Koenig, Larry Schlicht, Dean Sangrey.

Decisions/Recommendations:

Discussion only - see below.

Discussion Items:

Getting Started

1. Introductions – committee members, support staff, and subject matter experts introduced themselves and gave information on their area of interest.
2. Members were urged to throw away preconceived notions. If they were king or queen for a day, what changes would they consider? What could be accomplished in both the near term and the long term?
3. Handout from the Division of Financial Management – historical information on public safety agencies.

Juvenile Corrections

4. This is a family issue. Juvenile Corrections is joined at the hip with the 44 counties. Six percent of the Juvenile Corrections population is dealt with at the state level. The rest are handled at the local level. Another common thread is drugs/alcohol – 94% of adults in the correctional system have substance abuse issues. (There may then be some overlap with the Health and Human Services Committee.)
5. Ways to address the problem:
 - Prevention
 - Treatment
 - Incarceration

Need a balance between these.

6. A suggestion was made to look for information resources in other states.
7. A number of alternative treatment options were discussed:
 - Detention Diversion – assess at intake
 - Drug Court
 - Boys and Girls Clubs
 - Status Offense Court
 - Attendance Court – brings family into solving the problem
 - Peer Youth Court – tobacco tax and county funds
8. Currently, counties receive \$19.5 million through ad valorem taxes. The state receives \$43 million, of which 26% is passed through to the counties.
9. The issue of runaways versus throwaways came up as well as how adult mental health impacts the situation. “Safe houses” have been instituted to help with the problem of throwaways.
10. A suggestion was made for Dr. Carter to come in from Ada County and talk to the committee.
11. Cost shifting and public/private partnerships were mentioned. (Fifty percent of juveniles are in private placement facilities.) Also, the possibility of incentives to provide funding to counties to manage the tougher juvenile cases.
12. A concern was raised that cutting state funding might also impact federal matching funds and the committee should keep that in mind.

Adult Corrections

13. There are eight prisons in Idaho, seven operated by the state and one privately operated. Prisons make up 40% of the business of the Department of Corrections.
14. The Department of Corrections manages and treats offenders, but has no control over who is sent to prison or when they come out.
15. The prison population is 5,800 inmates. This is expected to grow 6-8% in the next 5 years. “Non-violent” criminals comprise 72% of the inmate population. The percentage of women in prison is growing, primarily due to drug cases.
16. Corrections has been working with a New York City group looking at sentencing reform.
17. Idaho has had some of the best treatment programs in the country.
18. Forty percent of prison operating costs is for food, utilities, etc.
19. Federal resources –
 - Alien incarceration grants have been cut.
 - Truth in sentencing funds for violent criminal incarceration require a 10% state match. These can be used only for buildings.
20. A suggestion was made to compare our prison situation with other states.
21. Prisons will be 3,000 inmates above capacity within the next 5-6 years. County jails are filled in two months. Out-of-state incarceration will be needed and costs \$50-\$55 a day.
22. Long Term –
 - How will the prison population grow in comparison to the state population? What is the breakout between less serious and more serious offenses?
 - How do we reduce crime?

- Is funding per inmate reasonable?
 - Examine ways to control methamphetamines, for example, the availability of components to manufacture them.
 - Options to mandatory minimum sentencing. No study has been done in Idaho, but other states have studies available. Prosecutors often use plea bargaining, which may save money by avoiding a jury trial.
 - Examine the pros and cons of privatization. Fifty percent of juveniles are in private custody facilities such as the Idaho Youth Ranch.
 - Look at more opportunities for electronic monitoring.
 - Community-based treatment opportunities.
 - Look at speeding up the death row process and/or eliminating capital punishment. Costs are greater to execute than to house a prisoner due to appeals processes. Eliminating the death sentence could save a considerable amount of money. There are currently 21 death row prisoners.
23. The biggest problem in the system is that community-based treatment is not available. Treatment is needed for both adults and youth. Currently, the only way to get services is to commit individuals. Incentives are needed for communities to provide the services, perhaps a small charge on certain items. For example, the beer/wine tax hasn't been increased in 25 years.
24. Managing the process was compared to a three-legged stool comprised of the following:
- Education
 - Treatment
 - Enforcement
- Each leg needs to be equally strong.
25. Facilities are classed as:
- Close
 - Medium
 - Minimum/Community
- A prisoner's history is examined to determine the classification.
26. A suggestion was made to compare responsibilities of law enforcement agencies at the city, county, and state levels.
27. A handout was distributed – the executive summary from an Oklahoma study done by that state's public safety team.
28. Several instances of collaboration between agencies were described. Public safety is part of law enforcement's job, but military units are also responsible for homeland security. School safety includes resource officers. Brand inspection, animal quarantine, and water contamination involve a number of agencies.
29. The Task Force committees may be set up in a way that overlaps will occur. For example, treatment programs will also involve the Health & Human Resources Committee and the Education Committee.

Transportation

30. Mass transit – several areas were discussed:
- City bus systems are duplicated somewhat by school bus companies.

- Federal funding is used by Health & Welfare for those needing transport for medical care.
 - The gas tax has to be used for road building rather than transit needs.
 - Sources of revenue should be found to match federal dollars so that money is not sent back to the federal government. Alcohol is hardly taxed at all. An additional 5-cent beer tax would provide some funding.
31. Idaho Department of Transportation:
- Where is their money distributed? We will hear more when a presentation is made at a future meeting. The committee will want to see what upcoming priorities and projects the agency has planned.
 - IDT has a budget of \$431,000,000 with \$211,000,000 from the state gas tax and \$220,000,000 in federal matching funds. They receive no state general fund money.
32. Questions:
- How will our aging population impact transportation needs of the future?
 - How will technology impact transportation?
33. A number of agencies are involved in hazardous materials transport – the Idaho State Police, the Military Division with the Bureau of Disaster Services and the Bureau of Hazardous Materials, and ambulances through Health & Welfare.

Natural Resources

34. State agencies dealing with natural resources were listed:
- Department of Environmental Quality
 - Department of Lands
 - Department of Parks and Recreation
 - Department of Fish and Game
 - Department of Water Resources
 - Department of Agriculture
 - Outfitters and Guides Licensing Board
 - Office of Species Conservation
35. The discussion revolved around safety issues. The state has a disease containment strategy in place. It is aimed at processor sites, not retail sites. The Bureau of Disaster Services coordinates a network of involved agencies.
36. A system for protection of drinking water is being planned through the Department of Environmental Quality.
37. The Department of Environmental Quality is funded largely through federal funds. Water quality is the largest program followed by air quality. The air quality program is handled jointly with the Department of Agriculture. DEQ also works with highway districts on this.
38. Legislation on water and air quality is commonly developed by the Division of Environmental Quality and the Department of Agriculture, jointly or separately depending on the circumstances.
39. The Department of Environmental Quality handles ambient water quality standards and regulates large swine and poultry (over 2000) operations. The Department of Agriculture is responsible for ground and surface water discharge from dairy and beef

- operations. The Soil Conservation Commission at Agriculture works with non-point source issues. The Department of Agriculture also regulates all disease issues.
40. Idaho is the only state where dairy discharges to surface water are not allowed.
 41. Clarification was made that the committee's charge in relation to natural resource and transportation issues is not limited to public safety aspects, but to the entire gamut of operations.
 42. Overlaps with agencies outside of natural resources will occur. For example, West Nile Virus and other diseases will involve coordination with Health Districts.
 43. The Department of Environmental Quality will be providing a report on agency services to the administrative support staff for email distribution to the committee members.
 44. Agency personnel in attendance were asked to examine whether similarities in natural resource organizations exist where duplication could be eliminated.

Assignments:

The following public safety agencies are being asked to make presentations at the October 30 committee meeting:

- Department of Juvenile Corrections
 - Including Magistrate Court
- Department of Correction
 - Including Supreme Court, and
 - Probation and Parole
- Idaho State Police
 - Including information on county and city law enforcement
- Division of Military

The presentation should last 1 hour maximum and include the following:

- Roles and responsibilities
- Budget information
- Background of organization
- Current status
- Future needs
- Opportunities for improvement
- How to deal with technology and other changes
- How the system can be streamlined and improved
- How duplication can be eliminated
- Major projects
- 2020 plan

Agencies are also asked to provide a written summary of the presentation. Additional materials can be distributed prior to the meeting so that committee members have time to read them before the presentation.

Transportation and natural resource agencies will not be asked to attend the October 30 meeting. The committee will concentrate on public safety issues at that meeting and the follow-up session on October 31. Transportation and natural resource agencies will be asked to present at a later meeting.

Questions/Requests for Information:

The Division of Financial Management distributed the Fiscal Facts booklet and a summary of public safety agency information during the meeting. Please contact Randy Tilley at rtilley@dfm.state.id.us or telephone number 334-3139 with questions.

JD Williams distributed the Oklahoma Public Safety Executive Summary during the meeting. Please contact Gordon Graff at ggraff@jobservice.us or telephone number 332-3570, x3365 if you did not receive a copy. A copy of the Oklahoma Transportation study will be mailed to all committee members.

Next Meeting:

Date: October 30-31, 2002.

Time: 9:00 a.m. – 5:00 p.m. on October 30 and 9:00 a.m. – 1:00 p.m. on October 31.

Place: Idaho State Police Headquarters – Meridian, Idaho.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

October 30 and 31, 2002
ISP Complex, Building 4
Cafeteria Conference Room

AGENDA

Wednesday, October 30

9:00	Welcome
9:15	Department of Juvenile Corrections
10:15	Department of Corrections
11:15	Committee Discussion
11:45	Lunch – ISP Cafeteria
1:00	Idaho State Police
2:00	Military Division
3:00	Break
3:15	Committee Discussion
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



***Public Safety, Transportation and
Natural Resources Committee***

October 30 and 31, 2002
ISP Complex, Building 4
Cafeteria Conference Room

AGENDA

Thursday, October 31

8:00	Plan for the Day
8:30	Department of Transportation Administrative Efficiencies
9:30	Committee Discussion
10:00	Break
10:15	Strategies and Recommendations
1:00	Adjourn



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – October 30-31, 2002

Meeting Location – Idaho State Police Complex, Cafeteria Conference Room –
Meridian, ID

Attendance:

Committee Members: Dave Bivens, Nancy Merrill, Debbie Hall, Guy Hurlbutt
(Oct. 31), Randy Olaveson, Judy Woodie, Darci Yarrington.

Support Staff: Randy Tilley, Judy Welker, Gordon Graff.

State Staff Providing Information: Tom Beauclair, Olivia Craven, Col. E.D.
Strickfaden, Brent Reinke, General John Kane.

Decisions/Recommendations:

Discussion only - see below.

Discussion Items:

Getting Started

1. Introductions and general housekeeping announcements for the 2-day meeting were made.
2. The membership list was corrected. The mailing address for Judie Woodie should be P.O. Box 785.

Juvenile Corrections Presentation

3. Director Brent Reinke and staff from the Department of Juvenile Corrections distributed presentation materials. A PowerPoint presentation followed covering the department's background & juvenile justice system, budget, recidivism, major projects (detention reform, technology, regionalization, and functional family therapy), future needs, and the 2020 plan. Copies of the presentation materials will be mailed to committee members who could not attend the meeting.
4. Assisting Director Reinke in the recidivism section was Monty Pro, in the detention reform section was Dr. Kay Carter, Administrator of the Ada County Juvenile Court System. Paul Carroll and Tony Meatte from the Department of Juvenile Corrections provided additional support.

5. Patty Tobias with the Idaho Supreme Courts was on hand to answer questions relating to the judicial side of juvenile corrections. She will provide a 1-2 page summary of the appellate process to the committee.
6. National study in 1995 funded 5 model sites across the nation, of which the team visited 3 successful sites and have been putting lessons learned into practice.
7. While there are two primary reasons to hold juveniles, significant risk to the population or the risk of fleeing, other things have impacted the system, example given such as child custody issues and juveniles not appearing for smoking tickets.
8. How to share “best practices” citing the work of Judge Murray in Bannock County.
9. Need to develop some kind of incentive program to create more programs to divert kids from juvenile custody. To provide more alternatives to judges to keep juvenile from state custody.
10. Judges happy to have sit on bench with them.
11. Closing thoughts – used Olympic banner to signify the interlocking parts of the system. Reinforced the need for a balanced approach incorporating accountability, competency development, and community protection.

Adult Corrections and Pardons & Parole Presentation

12. Director Tom Beauclair and staff provided materials for the Department of Correction and the Commission on Pardons and Parole presentations. The handouts will be mailed to committee members who could not attend. A copy of the PowerPoint slides will be emailed to all committee members. Joe Klauser, Don Drum, and Rod Leonard provided support for the Corrections presentation. Olivia Craven, Executive Director for the Pardons and Parole Commission, gave the Commission’s presentation.
13. Question – how are offenders placed in the various facilities? Answer – a risk assessment is done at intake and a determination made to place at a particular facility and/or program.
14. Question – what has caused the percentage increase in the female population? Answer – drug and alcohol charges. Similar to what has caused the increase in the female juvenile population.
15. The Pardons and Parole Commission works closely with the Department of Correction, but is a separate entity.
16. Not everyone that goes before the Parole Commission wants parole.

Additional Adult and Juvenile Corrections Discussion

After a lunch break both juvenile and adult corrections personnel responded to additional questions and information requests:

17. Question – How much further can Corrections cut back before the state is hit with litigation. Answer – That could happen now. It’s a matter of whether someone chooses to make it an issue.
18. Further comment was made regarding inmates with mental health problems. There is a significant problem with these inmates taking up beds that could better be used for violent offenders. A clarification was made that these are inmates committed under criminal charges, not a mental commitment.
19. Question – Could inmates with mental health problems be grouped with inmates needing drug treatment. Answer – No, the two have separate needs. However, both

substance abuse and mental health programs are extremely underfunded. Facilities do not exist to handle them within the state correctional system.

20. Question – How does this fit in with the Department of Health and Welfare? Answer – The problem cannot be handled without the involvement of Health and Welfare.
21. Question – Are there any long-term savings in closing some of the facilities that were not originally built for correctional use. Answer – In a perfect world, all the facilities that were not built specifically for correctional use should be abandoned. Currently, however, the state would still have to fall back on these facilities due to the number of people in the system. A balanced approach is needed, including community-based services. There is a fear that the task force could identify areas of cost savings, but programs would still not be adequately funded.
22. Question – What is community-based service? Answer – The Department of Correction can put something together with the other agencies involved (and in conjunction with the courts) to give the committee a better idea of what community-based service entails. Drug courts and therapeutic foster schools were given as examples. Treatment is currently only available to those that are in violation of the law.
23. Question – How about the costs involved in community-based programs? Answer – Treatment in a community-based program is cheaper than incarcerating violators. We could be talking 30-90 days for community-based programs as opposed to 2 years in prison.
24. Question – What type of cuts have been occurring in personnel? Answer – 37% of clinicians, 16 % of substance abuse counselors and 10 % of psycho-social personnel, 13 sergeants, 23 uniformed officers, and so on. The state saves money up front with these cuts, but it bites back many fold in recidivism later.
25. Question – What about Texas having one of the lowest costs per inmate compared to the rest of the nation? Answer – Comparison with Texas is not a good idea. Texas is plagued with problems of safety, cleanliness, and morale. Texas also has a huge prison population, which allows them to make their own clothes, grow their own food, and take advantage of other economies of scale. Idaho is known to have some of the best correctional systems in the nation.
26. Additional discussion was held regarding involvement of the Health & Human Services Key Committee. The group decided that members should think about what the connections are, discuss and put them together, then approach the Health & Human Services committee.
27. The committee would like to see more hard numbers budget-wise for the Department of Correction. Randy Tilley will work with the Department of Correction to provide additional information.

Idaho State Police Presentation

28. Colonel Strickfaden presented information on Idaho State Police activities and organization as noted in the following items.
29. The relationship of city, county, state, and federal law enforcement agencies was described and their areas of jurisdiction. The ISP handles major investigations in the state. Overlap between agencies ensures that one part will not be corrupted. No one

agency can do the job of law enforcement - cooperation, corroboration, and dialogue are required to be successful.

30. ISP officer training includes 10 weeks of Peace Officers Standards and Training (POST), 14 weeks of advanced training, and 3 months in the field training program. City and county officer training stops at the 10 week POST training. ISP officers have the additional training since they often work by themselves with support being far away, and the public expects ISP officers to have extra training.
31. Retaining employees has become a significant problem. Money spent in training is lost as other states and the federal government hire officers for higher wages after training is completed. Forensic scientists and firearms officers are especially in demand.
32. Mention was made of retired Admiral Archie Clemins talk at the October 11 meeting and how relevant that was to what ISP has been doing in regard to cutbacks. Employees have been very involved in providing suggestions and finding efficiencies. Examples of actions taken included: elimination of management and other positions; cuts in overtime, benefits, meal allowances, and cleaning allowances; no capital outlay; and cars turned over at 120,000 instead of 85,000 miles. Additional figures can be found in the handouts.
33. The ISP complex in Meridian houses agency administrative offices and POST. There is a need to develop facilities to bring units together in centralized offices across the state. Currently, such units are housed wherever space can be found. It is both an efficiency issue and a safety issue to use buildings designed for law enforcement activities.
34. The number of patrol officers is at the same level as in 1970. About 35 officers are in the field per shift. Comparisons with 1980 figures shown in the handout give an idea of the situation. This impacts the ability to be proactive.
35. Examples of ISP activities:
 - Accident reconstruction.
 - Motorist assistance – 22,000 assists.
 - Commercial vehicle safety – nuclear loads involve a huge amount of special training.
 - Patrol – around 1800 alcohol arrests, 2200 driving without privilege arrests, 884 felons arrested.
 - Motorcycle unit in Treasure Valley aids in reaching accidents through vehicle congestion.
 - Involved in disaster response – Teton Dam, Challis earthquake.
 - Homeland Security – moving to incorporate the Amber Alert system.
 - Crowd intervention – Hot August Nights in Lewiston, Aryan Nations parades.
 - Crisis response team - major drug operation in Burley recently. Need highly skilled, highly responsive officers.
 - Hazardous materials officers – two years training paid by the federal government. The ISP video section creates training used internationally for hazardous materials.
 - Three communications centers (Boise, Pocatello, Coeur d’Alene). Down from six.
 - Polygraph services.

- Investigative services – policing police officers and other investigations, for example, the Department of Transportation contracts concerning false quality control information.
 - Have the only crime lab in the state – forensic scientists are being recruited away.
 - Alcohol beverage control – rate of sales to minors at 60% – sting operations are bringing that down.
 - Executive protection – dignitaries traveling in Idaho.
 - Background checks; fingerprint, sex offender, and missing children networks.
 - Training – in addition to POST.
 - Planning, Grants & Research - \$5 million awarded to state and local agencies. Also includes monitoring and auditing functions.
36. The ISP has a strong drug enforcement presence. The focus is on multi-tiered organization, not the lower level. Involves working with informants and tracking purchases through the chain. An example is a recent Canyon County case that tied 100 people to a Mexican cartel. It took 4 years with 4-5 investigators working on the case every day. ISP links with federal investigators on large projects. ISP activity doesn't show up in the papers since these are federal charges. There have been instances of gangs hiring hits on officers.
 37. The State Police assist smaller law enforcement agencies where local resources are not available. Of 30 murders in Idaho, ISP stepped in to handle 18 of the cases. Eleven percent of law enforcement in the state is ISP.
 38. Methamphetamine use has significantly affected drug enforcement activities. The agency has put a lot of money into North Idaho. Ninety-two drug labs were taken down in Coeur d'Alene in 1999. That number has been reduced to 42 so far in 2002. Prosecutors use lesser offenses in plea bargaining. There is a great need for users to be identified and treated much earlier.
 39. Fledging efforts are going on to combat cybercrime. The focus is on exploitation of children. Now that the agency has the capability to do cybercrime investigations, this area is growing. Expertise is required to pull evidence from a computer in a way to hold up in court. Activities are coordinated with the FBI.
 40. In addition to the POST Council, the agency houses the Idaho Brand Board and the Idaho State Racing Commission. The Brand Board also works with the Department of Agriculture on animal disease issues and other agencies involved with Homeland Security on projects involving such things as preventing hoof and mouth disease.
 41. The committee was asked to be cautious if discussions involve privatization. The ISP does many kinds of investigations that would need to be considered.
 42. A binder of materials supporting the presentation and a video were distributed at the close of the presentation. The materials will be mailed to committee members who could not attend.

Military Division Presentation

43. General Kane and staff provided materials for the Military Division. The materials will be mailed to committee members who could not attend. Ric Holmes, John Klein, Bill Bishop, Larry Lafrenz, and Lerae Nelson assisted with the presentation.

44. Question – Could we have some background on protection of the Capitol Building after 9/11? Answer – classified documents showed a potential for imported terrorism. There was no list of targets at the time, but state capitols were identified. They worked with the ATF on likely spots to park a truck/car bomb. A real concern was State Street due to the proximity of the Capitol, J.R. Williams, and Len B. Jordan buildings. No terrorist acts occurred in Boise and no foreign terrorist acts in Idaho. The barricades were removed when it seemed justified by the circumstances.
45. Other possible terrorism opportunities are of concern. For example, dispersion of foot & mouth disease could cause the economy to cease functioning, wheat rust would have a similar paralyzing effect, and disruption of power generated in Idaho would affect the whole West.
46. Question – A suggestion was emailed to the Task Force regarding the 700 Mhz Interoperability Committee. Any background information available? Answer – General Kane heads the committee and knows the person making the suggestion. Costs are large – \$40 million would be needed to establish a backbone before connecting with a single car and officer. The Homeland Security Fund may have some monies, but it's not known what projects the Homeland Security Fund will be targeted towards.
47. A franchise fee or surcharge on cell phones to fund an E 911 system was the focus of another Interoperability Committee project. Manufacturers didn't want to add the chip. Legislation is being prepared to revisit the cell phone surcharge. The Division has been working 5 years on this with Congressional leaders. Since 48 states want the same thing for their individual state, this may not happen soon.
48. Question – Shifting to HazMat cost recovery, Boise has a landlord law dealing with reporting of meth labs, but sometimes the facilities are not worth cleaning up. Is there funding available to get hold of these facilities and use them for rehabilitation centers? Answer – There are no laws covering meth lab cleanup in Idaho. A motel could just run a vacuum through the room and have it rented the next day. There is also no authority to take remediation in a private home. A notice is sent notice to the county clerk for recording purposes. It can become an unlawful taking of property issue. Health & Welfare doesn't have the money to do what needs to be done. Meth labs are generally mom & pop type concerns.

Discussion Following Public Safety Presentations

49. The preliminary report on November 14 is a progress report, not recommendations.
50. Question - What does it cost to take an Idaho State trooper from selection through training and swearing in? Answer - \$94,000, including equipment & salary, to put a trooper on the road the first year.
51. Question - What is the cost to hire in general? Answer – Can't give the information today, but will get back to the committee.
52. Question – Isn't a formula used in some law enforcement agencies to set compensation? Answer – We're so far behind that formulas don't apply.
53. Question – Do we do exit interviews so we know why troopers are leaving? Answer - Yes, low salary is causing the exodus. ISP should at least be comparable to other Idaho law enforcement agencies.
54. Question – What is the starting salary? Answer - \$32,000.

55. Question - What would it take for ISP to compete? Answer - \$1 million to bring to competitive. That includes troopers and detectives. Another \$170,000 for forensics. ISP is about to lose the last firearms examiner in forensics to California. The Department of Correction has similar wage scale problems, but it is a significant issue with the State Police.
56. Increased Homeland Security activities are diverting resources that had been used for other purposes. There is no indication that the state will get funding from the Homeland Security Act.
57. No easily identifiable areas have surfaced for cutting costs further. The committee could also look at ways to increase revenue. An increase in the beer/wine tax should be examined. That would keep agencies like the ISP less tied to Highway Distribution funding, which goes sour with the economy. An ISP study based on 2001 figures projected a modest increase in the tax would raise just under \$1.8 million.
58. The committee discussed dedicating increased funding through a beer/wine tax to rehabilitation and calling it a user fee (may be a deterrent to consumption) or using the money to stabilize ISP funds.
59. The Legislature is not currently in favor of approving funding dedicated to a specific use. A better sell might be to give half to the agency and half to the general fund. Concern was raised that we don't want something like the tobacco fund where the money is diverted to other purposes.
60. An agency might also expect to have General Fund monies reduced by the amount of beer/wine taxes received. Even so, this type of funding is better since it's not tied to the gas tax. A war with Iraq might severely reduce available funds if gas supplies were impacted. The effect on the ISP could be devastating.
61. Cybercrime investigation is important. There is a need for a central agency like ISP to handle it. Local agencies do not have the capability and can't afford to outsource. The Attorney General's office used to do some child abuse investigation, but lost that person. Bigger cities can do their own child abuse investigations, but rural communities like Arco and Wilder have no ability to do even that, so look to the state for assistance. None have the capability for cybercrime investigation.
62. Question - Are video conferencing and other communications technologies available? Answer - No, a digital radio trunk system is needed as a first step so agencies can communicate across the state, the police talking to the fire district, the fire district talking to the highway district, etc. The state needs to put an infrastructure in place so that any city or county that chooses to can connect.
63. The Patriot Act had money for developing interoperability. It's way too expensive and wasteful for individual cities or counties to put in their own trunks. Once the \$40 million infrastructure is in, a user fee could be applied to help pay for maintenance to keep the system running.
64. Another development in technology is to have a computer available in the patrol car, similar to what Ada County is doing. Trunk radio does both radio and data.
65. ISP is examining satellite coverage by doing a "can you hear me now" pilot to see if the state would be covered.
66. Even if the money was available today, implementation of the communications infrastructure could be five years away. This kind of system would also benefit the Military Division.

67. Thoughts on ISP:

- Raise salaries at the ISP so as not to lose them to other state, cities, counties, and federal agencies. Where the system really fails is the starting salary for forensic scientists and at five years for troopers.
- Find an alternate revenue source: push for an increase in the beer/wine tax, a steadier funding source than the highway fund. The ISP distributed a handout outlining a proposed increase in the beer/wine tax. A copy will be mailed to committee members who could not attend the meeting
- Cybercrime unit.
- Communication/Technology.

68. Thoughts on Corrections:

- Eliminate the law that leads to incarceration of juveniles who don't respond to smoking violations? Randy Tilley talked to Patty Tobias and a probation violation results in incarceration. There is involvement with federal law regarding status offenders.
- Goes back to the crux of the problem, which is the need for community-based programs. Need a definition of community-based programs and cost/benefit information.
- Perhaps communities could help to get ball rolling – with a little funding. For example, Liberty Canyon in Emmett provides treatment probably around \$150-175 per day. State resources pay for the treatment in a blended approach.
- What was cut in Corrections specifically? Randy Tilley will provide information.
- Juvenile Corrections can do an administrative release based on review. Adult Corrections doesn't have that option.
- States handle sentencing differently: some fixed sentence, some intermediate, some a blend like Idaho.
- Some say having parole increases the time spent in incarceration, but it's not easy to determine if that's correct.

69. Question - Does Idaho have Truth in Sentencing? Answer - Idaho has a fixed portion of the sentence and that meets federal truth in sentencing guidelines.

70. Are inmates required to work? Answer – Even if inmates are not forced to work, work is often seen as a privilege since time is spent outside the regular routine. Also, inmates get commissary credit or money is placed in savings account.

71. Information was requested on the Ohio rebate program and on Judge Murray's program in Pocatello. Randy Tilley will get the information and send it to the committee.

72. Patty Tobias should be contacted if we want information on the court system.

October 31 – Continuation of Public Safety Discussion

73. Question - What happens once the Task Force recommendations go to the Governor? Answer - Probably a legislative packet or legislation of some sort. The Governor would probably ask for committee member assistance in lobbying.

74. Question - What about the December report? Answer – We should assume the report is a public document and available to the Legislature. Whether a formal document is

delivered to Legislature would be up to the Task Force co-chairs. There has been talk of the legislative leaders coming to the next Task Force meeting to address the committee members.

75. The committee felt a need to outline some points concerning Corrections:

- Invest in community-based programs
 - Need some examples and some dollar figures.
 - Need a definition of what constitutes a community-based program and how they work.
- Look at sentencing: Does the crime fit the time? Handle substance abuse and mental health at the local level.
- Focus on special needs inmates: mental health and substance abuse
 - Mental health inmates are housed in maximum security and make up 20% of the maximum security population. Maximum security has the medical facility for treatment.
 - Worried about security of the special needs inmates.
 - The best case would be to house mental health inmates in their own facility.

Department of Transportation Presentation

76. Director Dwight Bower and staff from the Department of Transportation distributed presentation materials. A PowerPoint presentation followed with assistance from Mary Detmar, Charles Rountree, Rick Hinton, and Jim Ross from Transportation. Eric Milstead from the Legislative Services Office and Task Force co-chair Chuck Winder were also present. Chuck Winder had asked for the Department of Transportation to present results of their efficiency initiative to the committee. Copies of the presentation materials will be mailed to committee members who could not attend the meeting.
77. In 1994 the department began work on implementing a culture of continuous quality improvement. They wanted to engage employees in making decisions. Much training was undertaken. Introduction of the process takes time, patience, and commitment.
78. The Efficiency Measures Summary handout was felt to be very effective. The committee thought it would be good for all agencies to follow such a process and present information in that format.
79. Question – Regarding page 18 of the presentation, how much increase in lane miles was there from 1994 to 2001? Answer – ITD staff will get that information for the committee.
80. Question – More information on the recommendation in the handout about privatizing airport/aircraft maintenance? Answer – The department maintains around 30 airstrips. They have found no cost effective way to privatize. In some backcountry areas someone with horses has to be hired to provide airstrip maintenance. Most maintenance on the airplanes is private. The fleet has been reduced by one airplane.
81. Question - There has been criticism of agencies trying to spend budget money at the last minute. Are there any instances of purchasing vehicles, etc., at the last minute just to use up the funding? Answer – ITD has a very thorough equipment management system. The Office of Performance Management holds it up as a model. The agency buys equipment at the time of need.

82. Question - As the population ages, how will ITD be affected with older people on the road. Answer - Public transportation should play an important role in getting people to the doctor, etc. There isn't a critical mass of people to do economically, so it would need to be subsidized with public money. The Legislature has not been receptive to requests for such funding.
83. Freight is something will have to be addressed, mainly trucks going through Idaho, but not necessarily stopping. For example, 70% of traffic through McCammon is truck traffic.
84. Question - Is mass transit a part of the ITD long-range plan? Answer - Yes, ITD supports regional public transportation authorities. They have been formed in the Boise and Idaho Falls areas. As more form, the question is how to stitch it all together.
85. Budget – the department receives nothing from the General Fund. Approximately 51% of funding is federal. The gas tax provides the other 49%. Gas tax money also helps fund other agencies.
86. Question – How about increasing registration fees? Answer - States with high registrations fees, do so as an ad valorem tax. We need to look at where the money is going. Is some going to say schools or other agencies? A clunker requires the same highway expense as any other car.
87. Question - Could the fee increase go just to ITD? Answer – The fuel tax was increased in 1996. It would be better to come back another time and give statistical comparisons to the committee.
88. The committee raised a concern that with the advent of hybrid cars, revenues will go down. Also, that the tax structure is a very delicate balancing act.
89. ITD has had team together for about year, involving cities, counties, and highway districts, looking at over 40 options of efficiency measures, using both traditional & untraditional revenue. They have reduced it to a summary and are holding meetings to get regional input in November and December. The research and input from stakeholders will be given to the Governor in January. A federal reauthorization at the end of 2003 is factoring into this with a hope of getting more money then. Mary Detmar could come back to the committee and share this as it comes better into focus.
90. Question - Australia uses the regular bus system as a school bus system. Could that be done in Idaho? Answer - An interagency working group has been put together and is working on that. A pilot project is being held with a five-county group in the Pocatello area and another two-county group in the Twin Falls – Burley area. One piece is in place. The Lewiston/Deary area is currently transporting school children and people to doctors on the same buses
91. Question? How does the ITD bidding process work? Answer – The department bids mainly on construction and supplies. That involves two separate processes. Construction follows the standard process of request requesting bids, reviewing them and taking the low bid. Supplies are purchased through the State Division of Purchasing. Two years ago, the state began accepting the use of “best qualified bidder.”
92. Question – Why is the number of part-time employees large? Answer – It's due to the seasonal nature of the work.

93. Question – The department is to be commended on its adherence to Total Quality Management. Is that philosophy implemented throughout state government and how did ITD get started? Answer – They can't speak for other agencies, but at ITD the Director became interested in Deming's methods and took classes in TQM. The vast majority of ITD employees, though they find it difficult, support the process.
94. Question - Understanding that we live in the Wild West, is there a state role in air quality? Answer - ITD cares deeply about driver safety and education. Involved in that are three areas: the driver, the roadway, and the vehicle. Other than safety inspection at port of entries, ITD doesn't do much with the vehicle itself. That would be done by another agency.
95. Question – Does ITD have any recommendations on efficiencies that could be accomplished with cities and counties? Answer - State laws don't really encourage certain efficiencies. While the department has looked at encouraging efficiencies with cities, counties, and highway districts, state highway funds can only be spent on state highways.
96. The Department of Transportation would be pleased to come back and provide additional information at a future date, for example, on finances and Mary Detmar's team. The committee felt they would like to see information in written form first.

Discussion of What to Do Next

97. Thoughts on the Department of Transportation:
- The Efficiencies Report format would be good for the final report of the task force.
 - Look at recommending that agencies try TQM.
 - Alternate sources of revenue: licensing and registration user fees?
 - Future: Hybrid cars are more fuel efficient, but still use the roads the same.
 - Future cars may not use gas at all, so need to find revenue other than the state highway fund (which comes from gas taxes) to maintain the roads
98. Question - What is the agenda for the November 14 meeting? Answer – It will be set tomorrow, November 1, at a Steering Committee meeting.
99. After the co-chairs attend the Steering Committee meeting options for additional meeting times around the November 14-15 meetings will be emailed. Possibilities are November 16, an afternoon or evening meeting on the 13th, or evening meetings on the 14th or 15th.
100. The strategic planning process was discussed. Some agencies like ITD do an excellent job. Others go through the motions to meet code. It is a valuable and useful tool if embraced by upper management. There is no statewide strategic plan. Perhaps that's what the 2020 Task Force is doing
101. Discussion on dedicated funds – often set up in code or rule and goes directly to a specific agency. Fees generated within the organization go back to the organization. Dedicated funds come in at different times depending on the organizational setup.
102. Thoughts on the Department of Juvenile Corrections:
- Links with Health and Welfare
 - Health and Human Services Subcommittee
 - See what they are doing to stay on track
 - Community-based programs

- Need some examples and some dollar figures.
- Need a definition of what constitutes a community-based program and how they work.
- Rebate program
 - What would work in rural communities?
 - Upfront costs would be high
 - Cost savings are long-term, keeping them out of jail
 - Who will pay, coordinate, provide? Rule 19 implications?
- Incentive for good behavior
- Mentoring “at risk” youth
 - Communities make choices on how to spend \$ through block grants
- Are there other federal or private monies available?
 - Not really focused on corrections
- Partnering with Business
 - There would have to be some benefit to them—incentives through tax breaks, etc.
- Youth and Church Organizations
 - Faith and Justice
- Take a look at all those elements that involve juveniles
 - Would it be better to place them all under one roof or leave them under different departments? Look at what other states are doing.

Next Meeting:

November 15, 2002, at the Division of Environmental Quality.

Times and/or additional dates will be decided after the November 1 Steering Committee meeting.

Order lunch in - Gordon will supply a menu.

One hour for each of the following agencies for either presentation and or question/answer:

1. Department of Environmental Quality
2. Department of Agriculture
3. Department of Lands
4. Department of Water Resources
5. Department of Parks and Recreation
6. Department of Fish and Game

All handouts/presentations should include budgets, revenues, and expenditures.

Reports only from:

- Outfitters and Guides Licensing Board
- Office of Species Conservation



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemins, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

November 15, 2002
Department of Environmental Quality

AGENDA

8:00	Welcome
8:15	Department of Environmental Quality
9:15	Department of Water Resources
10:15	Break
10:30	Department of Lands
11:30	Committee Discussion
12:00	Lunch – Catered
1:00	Department of Parks and Recreation
2:00	Department of Agriculture
3:00	Break
3:15	Department of Fish and Game
4:15	Committee Discussion
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – November 14-15, 2002

Meeting Location – November 14 at the Joe R. Williams Building and November 15 at the Idaho Department of Environmental Quality Building – Boise, ID

Attendance:

Committee Members: Dave Bivens, Nancy Merrill, Debbie Hall, Randy Olaveson, Judy Woodie, Darci Yarrington.

Support Staff: Randy Tilley, Larry Schlicht, Judy Welker, Gordon Graff.

State Staff Providing Information: Steve Allred, Tom Beauclair, Rick Collignon, Karl Dreher, Steve Huffaker, Brent Reinke, Pat Takasugi, Winston Wiggins.

Decisions/Recommendations:

1. Expand community-based “prevention” programs for at-risk youth to decrease the need for treatment and/or incarceration of juvenile offenders.
2. Explore creative, community-based sentencing alternatives for juvenile offenders.
3. Explore restructuring sentencing laws and policies and instituting “good time release” policies for adult offenders in an effort to substantially reduce the growth rate in prisons.
4. Provide separate facilities, specialized treatment, and dedicated funding to special population groups such as the criminally mentally ill, sex offenders, and geriatric offenders.
5. Increase funding to recruit and retain highly skilled and qualified Idaho State Police personnel.
6. Replace, improve, and update strategically located regional ISP facilities.
7. Strengthen the Idaho State Police cyber crime unit.
8. Increase the communications/technology of the Idaho State Police, in conjunction with the Military Division.
9. Increase the communications/technology of the Military division as part of a statewide communications/technology system in partnership with the Idaho State Police.
10. Change general fund appropriations to state agencies to lump sum rather than line item appropriations.
11. Remove the Full-Time Position (FTP) cap on state agencies.
12. Implement biennial state agency budgets with annual legislative sessions.

13. Explore the possibility of a standardized GIS format for the natural resource agencies.
14. Further reductions in water management funding will be a future economic disaster.
15. Consolidate state grazing lands, insuring that the sale or trade of the land is at fair market value.
16. Liquidate some of the more valuable state-owned properties.
17. Move the threatened and endangered wildflower management program from Parks and Recreation to the Department of Fish and Game.
18. Explore the use of the Parks and Recreation Agency scorecard for all state agencies.
19. Develop an online pesticide licensing program in the Department of Agriculture.
20. Provide funding for a centralized state-of-the-art human and animal lab.
21. Allow the Fish and Game Board to adjust licensing fees within a legislatively set fee limit.
22. Explore opportunities to transfer the ownership/use of agency-owned properties between state agencies.
23. Support a request that the Idaho Legislature adopt a concurrent resolution that creates a task force or committee with active participation by counties, cities, highway districts and other entities to study and report issues related to public transportation coordination and funding for urban and rural areas.
24. Implement the conclusions created by the 2003 Study (referenced in Item 23) that would develop financing to assist local funding, and match available federal monies. These monies would be separate and not take away from current road funding sources protected by Idaho's Constitution.
25. Establish a task force to study methods of partially or totally replacing Idaho's fuel tax and annual registration fee, which is dedicated to maintenance and construction of Idaho's roads, with a replacement source of funding.

Discussion Items:

Getting Started

26. Introductions and general housekeeping announcements were made.
27. A short discussion was held concerning difficulties with emails that had been sent containing materials from the natural resource agencies. Many committee members had trouble reading or printing the larger files. Mailboxes also filled up quickly because of the size of the files. Administrative staff will try to break large files into smaller pieces in future emails or send the materials by fax or regular mail.

Forming Public Safety Recommendations

28. The committee used two breakout sessions during the November 14 Task Force meeting to draft recommendations in the area of public safety. The co-chairs led a discussion of the main topics covered in prior committee meetings to reach points of consensus.

Juvenile Corrections

29. The discussion of issues affecting juvenile corrections systems included: minor offenses plugging the system; sharing best practices; creative sentencing; more

money for community-based programs; rebate programs; incentives for good behavior; ensuring programs are available for smaller communities across the state as well as larger communities; examples of programs (Boys & Girls Clubs, Liberty Canyon Kids, Family Tree, Healthy Community/Healthy Kids); ensuring that treatment, education, and prevention for older teens is not overlooked; functional family therapy and training for parents; effect of drug and alcohol abuse on the family. Additional attention was focused on alternatives to incarceration, long-range cost savings, ongoing funding for current programs, and how to include smaller communities in services.

30. A concern was raised about the possible need to meet with Health & Welfare. A caution was made that collaborating on services could mean that the services would have to be provided to all public, not just the public safety populations. A potential for costs to skyrocket could exist. A suggestion was made to invite both Juvenile Corrections and Health & Welfare to a future committee meeting. Overlaps with the Health and Human Services Key Committee will also need to be considered.
31. The state is working on statewide juvenile probation standards. However, this is a county function with magistrates handling juvenile cases. In urban areas some magistrates are able to specialize. A discussion of shifting funds to the counties ensued.
32. A request was made for additional information regarding Judge Murray's program.
33. There was some discussion of a pilot project for mental health programs. Suggestions were to handle at the local level, with a sunset clause, and involve Health & Welfare, perhaps addressing the statewide prescription problem, and with suitable outcome measures.
34. A recommendation was outlined: Expand community-based "prevention" programs for at-risk youth to decrease the need for treatment and/or incarceration of juvenile offenders.
 - Community-based preventative intervention with the at-risk youth population is much more cost effective than allowing youth to become involved in the juvenile justice system.
 - It costs approximately \$170 a day for each incarcerated youth and between \$10 and \$25 per day for a youth in a community-based program.
 - Identifies at-risk youth earlier in the process to divert from incarceration.
 - Would require additional funding. Recommend raising sin taxes. It would require that funds be shifted from the state to local programs. Currently each county receives a share of block grant funding based on the number of youths in the county ages 10-17. A \$10,000 base is also provided to each county.
 - Creating a funding formula that will ensure small cities and counties are adequately funded to operate community-based programs.
35. A second recommendation was outlined: Explore creative, community-based sentencing alternatives for juvenile offenders.
 - Community-based preventative intervention with the at-risk youth population is much more cost effective than allowing youth to become involved in the juvenile justice system.
 - It costs approximately \$170 a day for each incarcerated youth and between \$10 and \$25 per day for a youth in a community-based program.

- Every 25 youths moving through the juvenile justice system costs \$1 million.
- It would require that funds ultimately be shifted from the state to local programs.
- Perhaps look at other states' tax rates on beer, wine, and tobacco. Doubling the tobacco tax from 28 cents to 56 cents could bring in \$20 million.
- May result in lack of uniform treatment.
- Creating a funding formula that will ensure small cities and counties are adequately funded to operate community-based programs.
- Will need to provide adequate funding to both the community-based programs and the juvenile justice system during the transition time period.
- Would require statute modification.

Adult Corrections

36. A discussion of issues relating to adult corrections systems included: death sentencing; sentencing reform, cost of housing at different sites; the increase in female incarceration because of drug and alcohol related causes; the problem of special populations housed in maximum security, facilities issues, expansion of community corrections (probation and parole, work centers, halfway houses) in order to reduce growth in prisons, review of drug policies, and good time release.
37. Inmates with mental health problems make up 20 percent of the maximum security population. There are approximately 75-100 mental health inmates in maximum security. Socialization is needed; placing them in maximum security makes the mental problems worse. About 1,000 inmates have mental health problems. A separate facility is needed for criminally mentally ill prisoners.
38. Treatment programs are needed for special populations including mental issues, geriatric inmates, and sex offenders. About 18 to 20% percent of the inmate population is composed of sex offenders. A capital budget request has been developed for a 250-bed facility to house inmates with mental health problems. Randy Tilley will provide a copy of the capital request.
39. The possibility of public/private partnerships was suggested. For example, could an empty Jabil Circuit building be converted to house inmates. Problems arise that involve extra costs when the use is changed. Different zoning requirements apply affecting such things as ADA, fire, and asbestos. A facility designed to house inmates has much lower operational costs than a facility converted to house inmates. Another problem is siting – NIMBY (Not In My Back Yard).
40. Land is available at the current site. The problem is funding. Inmates could do some of the work, but are not necessarily trained in construction skills. A question was raised as to whether a ranch-type facility could be built, but adults have a propensity for acting out. Also, those facilities need specialized staff.
41. Work with the Vera Institute of Justice and the need to support this three-year plan was mentioned.
42. Using inmates for activities such as trail building was discussed. Corrections does some of that, but it requires supervision and is hard to expand when cutting the budget. Also, competition with private enterprise is a big issue. The question was asked whether taxpayer dollars are better used in activities such as trail building or in incarceration.

43. A short discussion of “does the time fit the crime?” was held. Question: How much would it cost to reinstate the good time program? Answer: Reinstatement would have minimal costs, but would require legislation.
44. The committee would like to have more information regarding the appellate process as it affects death row inmates.
45. A recommendation was outlined regarding adult corrections: explore restructuring sentencing laws and policies and instituting “good time release” policies for adult offenders in an effort to substantially reduce the growth rate in prisons.
 - The Department of Correction is forecasting that by the year 2005 the prison population will be 3,000 prisoners above capacity. In addition, it costs approximately \$56 a day to house one offender. We can no longer afford to incarcerate offenders at that rate and for the duration occurring under current laws and policies.
 - A reduction in the prison growth rate will provide significant cost savings to the state.
 - A smaller prison population may forestall the need to build additional correctional facilities.
 - Would require state legislation.
46. Another recommendation was outlined: provide separate facilities, specialized treatment and dedicated funding to special population groups such as the criminally mentally ill, sex offenders, and geriatric offenders.
 - There are currently no treatment or rehabilitation opportunities available to the special population groups in prison. As a result, individuals are returned to their communities without proper preparation and a high probability that they will re-offend.
 - Involves rehabilitation rather than warehousing of prisoners.
 - Lower recidivism rate.
 - Would require additional funding. Recommend raising sin taxes.

Idaho State Police

47. A discussion of issues relating to ISP included: competition for employees is a problem; employees were very involved in budget cutting; the “Can you hear me now?” project; communication interoperability program, effects of the increasing methamphetamine problem; and facilities issues.
48. The increase in methamphetamine cases affects resource usage. Clean-up issues need to be addressed. Seizure of property is a possibility.
49. Beer and wine use is a major source of criminal problems. Increase the tax to fund programs. Projections indicate over \$8 million could be raised. Senator Bunderson addressed one of the other key committees regarding another try at legislation. His handouts were requested and distributed to our committee members. An issue is whether the Legislature would allow dedicating the funds. A suggestion was made to have part of increased revenues go to the General Fund and proportionate shares go to ISP, Corrections, and Juvenile Corrections for prevention, education, treatment, and enforcement. Also, look at including tobacco taxes in the increase.

50. ISP needs a consolidated facility designed for ISP activities in each region. For example, the forensics lab in Boise should be incorporated into the Meridian complex. The budget crunch upset plans to develop these facilities.
51. Recommendation: increase funding to recruit and retain highly skilled and qualified Idaho State Police personnel.
 - Cost savings from reduced time spent recruiting and training personnel.
 - More qualified and trained personnel available to service the public.
 - Would require additional funding. Recommend raising sin taxes.
 - Would require state legislation.
52. Recommendation: Replace, improve and update strategically located regional ISP facilities.
53. Recommendation: Strengthen the Idaho State Police cyber crime unit.
 - Would require additional funding. Recommend raising sin taxes.
54. Recommendation: In conjunction with the Military Division, increase the communications/technology of the Idaho State Police.
 - Funding could potentially come from federal Homeland Security resources.

Military Division

55. A discussion of issues relating to the Military Division included: terrorism and examples of terrorism, the Interoperability Committee, and the surcharge on cell phones – E 911.
56. Recommendation: the Military Division should be part of a statewide communications/technology system in partnership with the Idaho State Police.
 - The Military Division and ISP are the logical entities to operate a statewide system to respond to safety, security, and terrorism issues.
 - Would provide a greater ability to respond to safety, security, and terrorism issues.
 - Would provide a greater ability to educate on safety, security, and terrorism issues.
 - Funding could potentially come from federal Homeland Security resources.
 - Legislation should be prepared to capture federal funds when they become available.

Transportation

57. A discussion of issues relating to the Department of Transportation included: expanding use of the efficiency measures summary statewide, freight and mass transit issues, pilot projects involving busing, Total Quality Management, and the strategic planning process.
58. A message was received from a concerned citizen about a possible overlap in emergency services – that the Bureau of Disaster Services, Emergency Medical Services, the Bureau of Hazardous Materials, Emergency Services Training, and others are all doing the same thing. The committee may ask for more information at a future date.
59. A question was raised regarding the 1998 date on one of the Transportation handouts and the possible need for more recent data. Also, whether copies of the latest Legislative Services audits of agencies are available.

60. Three recommendations were presented from an email that Dave Bivens had previously circulated:
- 1) Recommendation: Support a request that the Idaho Legislature adopt a concurrent resolution that creates a task force or committee with active participation by counties, cities, highway districts, and other entities to study and report issues related to public transportation coordination and funding for urban and rural areas.
 - 2) Recommendation: Implement the conclusions created by the 2003 Study (see the preceding recommendation) that would develop financing to assist local funding, and match available federal monies. These monies would be separate and not take away from current road funding sources protected by Idaho's Constitution.
 - 3) Recommendation: Establish a task force to study methods of partially or totally replacing Idaho's fuel tax and annual registration fee, which is dedicated to maintenance and construction of Idaho's roads, with a replacement source of funding.
 - With modern technology improving current vehicle fuel efficiency and the increasing switch from petroleum fuels to hybrid electric, fuel cell, hydrogen power, etc., the current funding for roads will become more and more inadequate.

Natural Resources Presentations

61. November 15 was the first opportunity for committee members and natural resources agencies to meet. Eight natural resource agencies had previously supplied written reports in preparation for the meeting. Six natural resource agencies made presentations on November 15. The Outfitters and Guides Licensing Board and the Office of Species Conservation were asked to only provide written reports.

Department of Environmental Quality

62. Director Steve Allred presented information on the history, organization, and funding of the Department; makeup of the board; strategic plan; problems of retaining employees; integration of accounting, budgeting, and performance planning; database management; and surface, ground, and air quality issues.
63. DEQ works closely with Water Resources and Agriculture on many issues. There has been an improvement in surface water quality. Ground water quality has not been specifically funded. Air quality has been a particular focus in high population areas such as the Treasure Valley. It is difficult for local agencies to have programs and DEQ has been involved in supporting local entities in working to forestall federal non-attainment designations. Restriction of highway funding is one result of non-attainment. DEQ has gotten good cooperation from Ada and Canyon counties to avoid non-attainment. There are six non-attainment areas in the state.
64. Question: Where do air quality boards come in? Do they take direction from DEQ?
Answer: Idaho has fairly extensive statutes. Various entities are established by law or DEQ. Watersheds have entities, too. DEQ gives direction as far as rules and guidelines, but it's up to the entity to direct their own activities.
65. There was interest in how DEQ works with employees and budgeting. DEQ supplied more information in an additional handout.

66. Questions: Impact of holdbacks? Answer: FY03 budget was \$49 million, with \$17 million from the General fund. A \$1.1 million dollar holdback resulted in reduced air monitoring, water quality, cancellation of new starts of ground water quality studies, and reductions in overhead and capital - for instance, travel and contracts.
67. Question: What about stream channel alteration? Answer: Should be referred to the Department of Water Resources and the Corps of Engineers.
68. Question: Odor issues? Answer: If an air quality concern, then DEQ handles. If dust or health issues, then Agriculture handles. They have agreements with Agriculture and sometimes the CAFO. Trying to define odor is hard. The best detector is the nose and they have qualified employees with trained noses. DEQ and Agriculture have researched the use of odor meters.
69. Question: When go to DEQ or Agriculture with questions? Answer: Agriculture handles dairy or cattle feedlots. DEQ handles swine or poultry. Might be different if there were a lot of swine or poultry operations.
70. Question: Are there issues with burning? Answer: With grass burning, DEQ provides technical input and Agriculture decides whether can burn or not. This is the second year using sophisticated models and tools. Overall, it went well. DEQ works with the Forest service on controlled burns. The field burning was patterned after what they have done with the Forest Service.
71. Question: What would you do if you were King for a Day? Answer: Want the ability to define what they are doing, what they expect to spend, and a measurement of whether reaching the goal. DEQ knows what it costs to produce a product. Postcards soliciting satisfaction levels go directly to the Director.
72. Question: If the Legislature decides to reduce funding, where would DEQ cut? Answer: Further cuts could affect the federal match and could lose the ability to administer federal programs. The goal is compliance, not enforcement. Cuts would be made in Hazardous Waste.
73. Question: What about drug labs? Answer: DEQ is part of the response, but the labs are generally not of a size where DEQ takes action. The immediate response is local. DEQ becomes involved when there is a release to the environment. Similarly, DEQ laws generally don't apply to cleanup since it is inside the building, rather than a release to the environment.

Department of Water Resources

74. Director Karl Dreher outlined the history of the agency from its creation in 1895, discussed the primary divisions (Water Management, Planning & Technical Services, and Energy--Energy is housed in Water Resources because of hydropower activity), and other activities such as licensing well drilling and dam safety. Responsibility for public water supplies lies with DEQ, while stream channel protection and flood plain management is handled by Water Resources. Water Resources also does baseline ground water quality monitoring, but ground water improvement efforts are handled by DEQ.
75. The Snake River Basin Adjudication is the largest stream adjudication in the United States. He sees no legal or technical impediment to completing the adjudication by 2005.

76. Idaho was one the first states to recognize the connection between ground water and surface water sources. Problems have developed as changing irrigation techniques vary the level of water in aquifers. Water Resources is working to develop a ground water model to help arrange compromise accommodations between senior and junior water right holders.
77. Workflow processes focus on quality management. A process improvement project has involved 55 business processes. For example, GIS systems are cutting edge at Water Resources, but other computer systems were found to be inadequate. They set about to improve the process and Legislative Services now points to their computer systems replacement process as a model to follow.
78. Holdbacks were handled by cuts in personnel and operating expenses. Capital expenditures were foregone. Cuts had to come from core programs because quality improvement processes had already eliminated any excess. They used their strategic plan to identify essential needs. The stream channel protection program has been largely suspended. The Board recommended the federal 401 permit process be used instead. Ground water investigations have been deferred as well as vehicle replacement.
79. Additional cuts would hit water management. Suspending the Snake River Basin adjudication would be a likely consequence. The agency is dependent on General Fund monies and needs a way to fund water stabilization activities. It will take the same number of people to administer the rights as it has to adjudicate them.
80. Question: How are the tribal claims handled? Answer: the Attorney General's office takes the lead and Water Resources provides technical support. Litigation would be expensive. Accommodation that allows for continued development and satisfies tribal claims would be a preferred method of handling this.
81. The agency will provide more budget figures.

Department of Lands

82. Director Winston Wiggins provided information on the relationship with the Land Board, endowment and regulatory activities, fire suppression responsibilities, the line-staff organization, and revenue sources.
83. The agency was hurt some because of the holdbacks, but only 15 percent of their funding is from the General Fund.
84. Question: Would Lands consider a Water Resources suggestion on interagency use of GIS? Answer: Yes, there are some opportunities there, but don't know what the right point of consolidation is. The Department of Lands has a mandate from the Legislature to track all state land including buildings, and it would be good to have the GIS tools to help accomplish that.
85. Question: How about database sharing? Answer: That has a slightly different twist. A central library that any agency could access would be good including a library retrieval system for jointly used information. There may be problems with layers from different agencies not quite fitting. Standards for collection and storage of data would need to be established.
86. Question: What is the personnel turnover rate? Answer: Current turnover is low with many 25-year people. This will be a problem over the next five years as employees retire. Succession planning has been identified in the strategic plan as a key priority.

A problem with recruitment exists in that university programs target Forest Service activities rather than managing land to make money.

87. Question: One of the holdbacks was in noxious weed control? Answer: It was felt that the money for noxious weed control should be coming from trust funds rather than the General Fund since the bulk of the work is on endowment lands. The program was not cut; the funding was redirected.
88. Question: How about timber sales? Answer: There is a 12-15 month delay to do preparatory work. Money changes hands when the contractor sends the timber to the mill. Typically, a mandatory removal time is not put in the contract because the contractor will want to gauge the market.
89. Question: What about Westrock? Answer: The agency feels we will see more alternative uses for state land develop and will continue to look for opportunities to maximize those. With Westrock there is a guarantee because the money is paid upfront. If it fails, the state still has the land. The state owns valuable lands that are not generating appropriate income.
90. Question: Is budget and strategic plan information available? Answer: Yes, Winston Wiggins will provide that.
91. Question: If you were King for a Day, are there any duplication problems you could fix? Answer: Don't really see duplication, but synergism. For example, water quality is housed in DEQ while Lands takes care of water quality forest management on state lands. Coordination is the key.
92. Question: Is there some kind of board that ensures coordination? Answer: Yes, sub-cabinet meetings of affected agencies are held, the division heads get together on a continuing basis, as do the fiscal heads. There is a periodic review of Memorandums of Understanding and constant coordination at lower levels. Overlap occurs, but not duplication.
93. Question: Are mobile chippers used for slash disposal? Answer: Occasionally, since the technology exists. The problem is money. For example, a contractor asks to chip, but the market goes down before he can act. Terrain problems may interfere. Also, not all slash should be cleaned up. Valuable nutrients are gained through the breakdown of the slash.
94. Question: More information on grazing leases? Answer: Grazing is kind of a funny deal. Nothing happens to the asset. Market formula sets the price. Strategically, the agency needs to identify, accelerate, and consolidate to concentrate land resources. The spread is too difficult to manage, especially as it relates to grazing land.
95. Question: How much agriculture land is left? Answer: About 30,000 acres that were sold in eastern Idaho and came back to the State.

Department of Parks and Recreation Presentation

96. Director Rick Collignon provided information on the agency's mission and vision, organizational makeup, efficiency measures, programs, budget, strategic planning, and success stories.
97. Question: How did the endangered plant species project wind up at Parks & Recreation? Answer: Somehow through legislative intent. The botanists are at Fish & Game. Parks & Recreation should be moved out of the mix and have U.S. Fish & Wildlife work directly with Idaho Fish & Game.

98. Question: If you were King for a Day, what would you do? Answer: Any help in streamlining overhead would be appreciated. Look for opportunities to pool resources rather than to consolidate. Match peak activity levels better between agencies. Work on overhead costs such as MIS functions. The Department's technology people are spread thin and troubleshooting is difficult.
99. Question: JD Williams asked committees to look at combining accounting systems. Is that something you could endorse? Answer: Yes, but we need to keep budget expertise in the agencies.
100. Question: Anything on enforcement? Answer: Rule changes have been prepared. Self-service would be a basic fee, but anything involving staff would incur a \$5 surcharge.
101. Question: How is the involvement with the Office of Species Conservation going? Answer: OSC has been very helpful and collaboration will continue. Any trail construction projects will be impacted by protected species. There is a moratorium on new snowmobile trails because of grizzly bear and lynx concerns.

Department of Agriculture Presentation

102. Director Pat Takasugi outlined the responsibilities of the agency, organizational structure, management philosophies, technology changes, committees, successes, planning processes, and major initiatives.
103. Question: If you were King for a Day, what would you do? Answer: The Task Force is addressing reallocation of resources. It should also look at how to increase revenue. The emphasis needs to be on economic activity. Look at rewarding management efficiencies and reorganization. Biennial budgeting wouldn't hurt the state.
104. Question: Parks & Recreation has an online permit process. Would you be interested in using the same system, for example, with pesticide permits? Answer: Yes, that would help provide a quick turn-around. Agriculture has had to hire programmers in the past because of unique situations.
105. Question: How about the GIS system with Water Resources? Answer: Yes, that could help with noxious weed control.
106. Jerry Nicolescu, Administrative Officer with the Soil Conservation Commission was introduced. He commented on the Commission's role in providing funding to soil conservation districts. The Commission works closely with the Department of Fish & Game and the Department of Environmental Quality on water issues.
107. The state should look hard at building a universal state laboratory, a superlab that could be used by all agencies.
108. Pilot innovation and ideas. Use smaller agencies rather than always going to larger agencies like Health & Welfare for pilots.
109. Look at an overtime account. Agencies can't budget for overtime. Examples: inspectors build up overtime, anyone making an overseas trip spends countless hours. Agencies need the flexibility to handle that.
110. Bundle vacation, medical, sick, and other types of leave into a universal category for human resource types of activities. He has approached another key committee about this.
111. STARS – The state needs an accounting program that works for all agencies.
112. Nancy asked Pat to send his notes on King for a Day items to Gordon.

Department of Fish & Game Presentation

113. Steve Huffaker presented information regarding history, commission charges, budgets, revenue restrictions, better business practices, accounting and technology systems, Total Quality Management piloting, facilities shared with other agencies, privatization, data sharing, and economic gains through hunting and fishing.
114. Suggestions:
- Agencies adopt better business practices whenever possible.
 - Agencies share facilities.
 - Cooperative ventures.
 - Contracts and cooperative agreements.
 - Commission have leeway to set fees.
 - Watchable wildlife.
 - Proactive approach to rare species—if we don't take care of it, the federal government will.
115. Question: Did the agency get what they needed from the license plate change last legislative session? Answer: Some money was sidetracked, however license plates brought in \$650,000. The check off brought in \$40,000.
116. Question: What about duck and pheasant stamps? Answer: The stamps are no longer available. Those were rolled into the general license fee increase.
117. Question: Why not consolidate Fish & Game and the Outfitters and Guides Licensing Board? Answer: the Outfitters and Guides Licensing Board was created by legislation to work with that particular sector. There is a lot of potential for conflict. OGLB largely attracts non-residents. Monies would have to be kept separate so as not to divert federal funds.
118. Question: Is the shift of endangered plants from Parks & Recreation okay? Answer: Yes, the Conservation Data Center is in Fish & Game and the contract would be directly with U.S Fish & Wildlife, cutting out Parks & Recreation as the middleman.
119. Question: How about Bighorn tags? Answer: Money is raised in two ways, a lottery that brings in between \$30,000 and \$60,000, and an auction that brings in between \$30,000 and \$40,000. This is a once-in-a-lifetime deal in Idaho.
120. Question: What animals have once-in-a-lifetime hunting provisions? Answer: Moose, mountain goat, and bighorn sheep.
121. Question: What short-term immediate goals can he help with? Answer: The suggestions he listed don't need legislative action. Recommends not painting with too big a brush.
122. Question: How did budget cuts affect Fish & Game? Answer: They were not cut directly, but it did have an impact on employee benefits. The Legislature doesn't fund inflation.
123. Agencies are managing under an FTP cap and hiring temporaries. Nobody wants to be hiring and then continually retraining. Agencies could manage better if they were working with a lump-sum budget figure, not FTPs.
124. Fish & Game fee changes go through the Legislature. Parks & Recreation can change fee structures through rules. If Fish & Game could have the latitude to raise or lower fees within a range, then they wouldn't have to keep returning to the Legislature.

Additional Discussion of Recommendations

Adult Corrections

125. Advocate that the Department of Correction enter into the sentencing reform project with the Vera Institute of Justice.

Department of Environmental Quality

126. Points were made concerning employee time and budget management, letting managers and departments manage, and that outcome measures are needed.
127. State law says that money provided for capital outlay must be spent on capital. It cannot be moved into personnel costs from other categories. The FTP cap is figured annually for each agency. On a per capita basis, it has not increased.
128. Efficiencies come through innovation. Agencies don't have the ability to reinstate positions after being vacant 12 months. It's difficult to be innovative when you run the risk of losing an FTP.
129. Recommendation: Change general fund appropriations to state agencies to lump sum rather than line item appropriations.
 - Lump sum appropriations allow agency directors to more efficiently manage their resources and shift funds to cover the emergent needs in the organization.
130. Recommendation: Remove the Full-time Position (FTP) cap on state agencies.
 - Agencies become focused on retaining their FTPs and are reluctant to try innovative approaches to work activities if it might jeopardize the agency's FTPs. State agency directors should be trusted to manage within their available resources.
131. Recommendation: Implement biennial state agency budgets with annual legislative sessions.
 - This would also help the Division of Financial Management have more time for strategic planning.

Department of Water Resources

132. A kilowatt-hour tax revenue could be redirected to Water Resources—about \$2 million. That would require an adjustment on the revenue side. Utilities would oppose this.
133. Recommendation: Explore the possibility of a standardized GIS format for the natural resources agencies.
134. Recommendation: Further cuts in water management funding will be a future economic disaster.

Department of Lands

135. MIS consolidation a consideration?
136. Recommendation: Consolidate state grazing lands insuring that the sale or trade of the land is at fair market value.
137. Recommendation: Liquidate some of the more valuable state-owned properties.

Department of Parks and Recreation

138. Recommendation: Move the threatened and endangered wildflower management program from the Department of Parks and Recreation to the Department of Fish and Game.
139. Recommendation: Explore the use of the Parks and Recreation Agency scorecard for all state agencies.

Department of Agriculture

140. Recommendation: Develop an online pesticide licensing program in the Department of Agriculture.
141. Recommendation: Provide funding for a centralized state of the art human and animal lab.

Department of Fish and Game

142. Recommendation: Allow the Fish and Game Board to adjust licensing fees within a legislatively set fee limit.
143. Recommendation: Explore opportunities to transfer the ownership/use of agency owned properties between state agencies.

Assignments:

Death Penalty Appeals Information – Randy Tilley
Judge Murray Information – Randy Tilley
Additional Budget Information – Department of Water Resources
Additional Budget and Strategic Plan Information – Department of Lands
King for a Day Notes – Pat Takasugi
Recommendations transferred to the approved form – Administrative Staff

Next Meeting:

December 3, 2002 - A full Task Force meeting will be held at the JR Williams Building to discuss recommendations to be forwarded to the Governor and Legislature.

A conference call will probably be needed before the November 27 deadline set for recommendations to be received by staff.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

January 3, 2003
Idaho Department of Labor

AGENDA

1:00	Welcome
1:05	Beer and Wine Tax Presentation by Senator Bunderson
2:00	Discussion of Supplemental Recommendations for the January 7 Task Force Meeting
3:00	Break
3:15	Continue Discussion of Supplemental Recommendations
4:00	Discussion of Intermediate and Long-Range Recommendations
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – January 3, 2003

Meeting Location – Idaho Department of Labor – Boise, ID

Attendance:

Committee Members: Dave Bivens, Guy Hurlbutt, Nancy Merrill, Judy Woodie, Darci Yarrington (Through conference call – Sherry Krulitz, Randy Olaveson).

Support Staff: Randy Tilley, David Hahn, Judy Welker, Gordon Graff.

Additional Attendance: Senator Hal Bunderson, Doug Gross, Mike Ferguson, John McAllister, Paul Carroll, Dewey Hammond, Roger Fuhrman, Jim Ross. (Through conference call – Mark Ricks)

Decisions/Recommendations:

1. The Committee will leave recommendations on sin taxes to the Revenue and Economic Development Committee for this legislative session with the understanding that the Revenue Committee will be focusing on tobacco taxes. The Public Safety, Transportation, and Natural Resources Committee will move forward with support of the survey on the societal costs of alcohol abuse and approach beer and wine taxes as an intermediate or long-term recommendation.
2. The Committee will not pursue a recommendation to the Governor on Eurasian Watermilfoil, as that issue should be considered in the larger context of invasive species.
3. The Committee will pull from further discussion the recommendation to explore opportunities to transfer the ownership/use of agency-owned properties between state agencies since the issue can be resolved on a case-by-case basis by the parties involved.
4. The Committee decided to look at the recommendation to examine the need for community-based treatment for substance abuse and other offender issues as an intermediate recommendation rather than an immediate recommendation.
5. The January 7 morning breakout session will focus on: the Fish and Game fee range, extending the timeline on land exchanges, evaluation of a possible drop in Drug Court funding, and discussion of juvenile sentencing reform.

Discussion Items:

Presentation on Beer and Wine Taxes

6. Senator Hal Bunderson presented the committee with information concerning beer and wine taxes. Presentation materials can be found on the 2020 Task Force website at <http://www.idaho2020taskforce.us> under the Related Documents section of the Public Safety, Transportation, and Natural Resources Key Committee or by using the following link - http://www.idaho2020taskforce.org/publicsafety/beer_wine_tax_proposal.pdf.
7. The presentation included the following major areas of interest:
 - Alcoholic beverage market in Idaho, both in sales price and gallons sold, relative tax collections, and beverage of choice of those who abuse alcohol.
 - Equivalent units of measure between alcoholic beverages, amount of excise tax or Idaho State Liquor Dispensary (ISLD) profit on each beverage, and number of years since the last excise tax/ISLD profit increase.
 - Beer and wine distributors examined as a special interest.
 - Erosion of the beer and wine excise tax base.
 - Societal costs of alcohol abuse on public safety and public health.
 - Estimates of tax revenue increase if the excise tax was adjusted for erosion and if the tax was adjusted for the societal costs of abuse.
 - Competitive price advantage enjoyed by beer and wine wholesalers/distributors over spirits.
 - Privatization issues.
8. Question: It was noted that of adults who drink, approximately 15% abuse alcohol. What use would raising beer and wine taxes be if the higher tax might not decrease their consumption? Answer: For them it becomes a user fee. They should be paying their share of costs, especially those who show up at a later date at state agencies that deal with health problems caused by alcohol abuse.
9. Question: What about getting out of kilter with other states, for example, Nevada? Answer: Alcoholic beverages are a loss leader in Nevada used to bring in people for gambling. It's illegal to then bring that alcohol into Idaho for the purpose of resale.
10. Internet sales were mentioned as a concern.
11. Question – Would it make sense to collect the tax differently? Answer: Exhibit A, Page 10, of the presentation materials shows options developed by the Legislative Council Interim Committee on Idaho's Alcohol Beverage Code. Suspect these types of discussions are occurring in other states as well.
12. Dewey Hammond, Director of the State Tax Commission, provided information using two handouts, one with summary data on product information and the second one a comparison with other states. The handouts can also be found on the 2020 Task Force website under the Related Documents section for the Public Safety, Transportation, and Natural Resources Key Committee or with the following links: http://www.idaho2020taskforce.org/publicsafety/Product_Taxes_Idaho.ppt and http://www.idaho2020taskforce.org/publicsafety/Product_Taxes_By_State.doc.
13. Question: How do sales on tribal reservations affect the tax revenue? Answer: The leakage of tax revenue is substantial. For example, the reservations are a magnet for tobacco sales.

14. Senator Bunderson indicated that the Senate committee he chairs might want members of the Task Force to attend a meeting during the legislative session.
15. Senator Bunderson asked the committee to consider taking responsibility for managing the survey to gather information on the societal cost of alcohol abuse.
16. Question: How much should taxes be raised? Answer: This could be handled a number of ways, for example, based on erosion since the last tax increases or based on the societal cost. The survey results would be valuable in determining how much to base on societal costs. If the attempt is to align Idaho with other states, then not much change in the tax will occur. If the attempt is to align with costs, then there would be a tremendous increase.
17. Those present were urged to study the Interim Committee on Idaho's Alcohol Beverage Code findings from 1999. The materials can be found on the 2020 Task Force website as Senator Bunderson's Exhibit III under the Related Documents section for the Revenue and Economic Development Key Committee or by using the following link - <http://www.idaho2020taskforce.org/revenue/bunderson/exhibitIII.pdf>.
18. The consensus was to leave recommendations on sin taxes to the Revenue Committee for this legislative session with the understanding that they are focusing on tobacco taxes. The Public Safety, Transportation, and Natural Resources Committee will move forward with support of the survey and approach beer and wine taxes as an intermediate or long-term recommendation.
19. The conference call members signed off as a number of attendees left at the close of the discussion.

Transportation Recommendations

20. Jim Ross from the Department of Transportation explained it was not intended the recommendations be addressed for possible legislation this year. The recommendations were an outgrowth of discussions between the Governor's Office and the Department of Transportation regarding economic stimulus projects.
21. GARVEE bonds were described as a method of payment for construction that allows bonds to be sold upfront and then paid back from federal aid money. A portion of federal funds would be committed to debt retirement for paying off the bond plus interest.
22. Question: Why use GARVEE bonds instead of the regular process? Answer: An example is the interstate through the Treasure Valley from Isaac Canyon to Caldwell, which will need \$700 million to \$1 billion to repair or replace. Estimating \$40-50 million dollars per year with a minimum of 5 years per project area will stretch out construction to 20 years. The advantage of GARVEE bonds is that construction projects can be completed in a much shorter time frame, perhaps two years rather than five years.
23. Question: Will this require a constitutional change? Answer: Yes.
24. A concern was expressed as having trouble seeing this as a good idea. Answer: Concern about going into debt should be acknowledged. Costs to the road user also need to be examined – for example, cars and trucks sitting in traffic because of insufficient infrastructure. How much this would contribute to economic stimulation

is another factor. The Department of Transportation would want to use a design-build process if GARVEE bonds are used.

25. Question: Does this hurt the bidding process? Answer: The project would go to the best-qualified bid rather than to the low bid. Either way has strengths and weaknesses. Design-build has some safeguards that can be built in.
26. A comment was made that the recommendations would help beat the inflation factor inherent in right of way purchases. Also, that the processes could be used for other parts of the state, not just the Boise area.
27. Concern: It would be easy to get over committed using GARVEE bonds. Answer: The method of handling depends on the comfort level with the size of the debt. Approval by the Legislature to go into indebtedness is one of a number of ways of handling the process. The Department of Transportation doesn't intend to take these ideas to the Legislature this year. More gathering of information and garnering of support is needed before proceeding.
28. Some advantages of design-build are that the different phases of a project are pulled together into one package and it allows the contractor to use innovation. With the current method, specifications tell the contractor exactly how to build. Design-build would have the contractor get in and out quickly. The WYE interchange in Boise could possibly have been done in three years with design-build. Also, using GARVEE bonds and design-build requires no new money.
29. A suggestion was made that a study group or legislative committee might be a good route to go in looking at GARVEE bonds, design-build, and developing some way to better handle right of way preservation.
30. Question: Has ITD looked into the possibility of toll roads? Answer: Yes, Idaho doesn't have the population to support toll roads.

Feedback on Suggestions to the Task Force

31. Question: The Task Force has asked state employees for suggestions, but is feedback going to the people making suggestions? Answer: People are sent a response that their suggestion has been received when it is placed on the website. Follow up is left to the committees.

Recommendation on Eurasian Watermilfoil

32. A suggestion received by email to consider recommending an increase in motorized boat registration fees to control Eurasian Watermilfoil was discussed. Discussion revolved around the possibility that a proposal is being developed, perhaps by the Nature Conservancy, to codify an approach to invasive species. Darci Yarrington will try to follow up on the proposal. Roger Fuhrman from the Department of Fish and Game indicated that there is a cooperative effort by several agencies to look at invasive species.
33. The committee decided that the issue of Eurasian Watermilfoil should be considered in the larger context of invasive species and will not pursue a recommendation to the Governor on Eurasian Watermilfoil.

Recommendations Kept in Committee From the December 3 Task Force Meeting

Recommendation to Examine Providing the Department of Fish and Game Commission with the Flexibility to Adjust Licensing Fees Within a Legislatively Set Fee Range or Based on Actual Cost of Doing Business. (#12)

34. Roger Fuhrman provided information to help support the recommendation. The current system encourages a cycle of hiring staff when license fees are approved, then having to cut staff in the later years of the fee increase, followed by hiring with the next fee approval, and so on. The Department will probably have until 2006-2007 before needing to request another fee increase.
35. The Committee requested more information on the current fees, what a proposed fee range would be, and what period of time the fee range would cover. Roger Fuhrman will contact Fish and Game's financial staff and try to have information based on a 2006-2007 increase available for the January 7 Task Force meeting.
36. Roger noted four pieces of legislation will be taken to the Legislature this year: reconfirming reciprocal license agreements with tribal governments, allowing the transfer of lifetime licenses in certain circumstances to another family member in case of the license holder's death, and two housekeeping measures dealing with budget and vehicle management.
37. Question: Will the emergence of game farms be discussed in the Legislature?
Answer: Game farms are domestic operations handled by the Department of Agriculture, though Fish and Game does cooperate and comment on rules. This is not on the Fish and Game agenda, but Agriculture may be reviewing it due to concerns with chronic wasting and other diseases.

Recommendation to Explore Opportunities to Transfer the Ownership/Use of Agency Owned Properties between State Agencies (#13)

38. Guy Hurlbutt reported on discussions he had with the Department of Fish and Game, the agency from which the concern was originally heard. The issue does not seem to constitute a legislative change, but rather a matter of developing some type of memorandum of understanding by the agencies involved. Guy provided information from a handout showing results of a Fish and Game survey with access rated the fifth most important issue.
39. Guy also reported on discussions with the Department of Lands regarding land exchanges. The Department of Lands concurred that the issue is not a question of state law, but in some cases of working with the federal government.
40. The Committee decided to pull the recommendation from further discussion since the issue can be resolved on a case-by-case basis by the parties involved.
41. Guy provided a handout of Section 58-133 of Idaho Code dealing with the acquisition, sale, lease, exchange or donation of public lands. The Department of Lands has found the two-year time frame does not provide enough time to make land exchanges and requests the Committee look into extending the time period to five years. After discussion, the Committee decided to develop a recommendation. Guy will draft the wording and email it for discussion at the January 7 breakout session.

Recommendation to Examine the Need for Community-Based Treatment for Substance Abuse and Other Offender Issues (#9)

42. A survey may be available in the next week or so dealing with drug courts. It was suggested the Committee might want to reword the recommendation into support for drug courts.
43. A copy of a study, "Evaluating the Effectiveness of Drug Courts in Idaho," was introduced. Randy Tilley will be contacted to see if more copies are available for the January 7 Task Force meeting. The Annual Report from the Department of Correction distributed to the Committee last fall was also mentioned as a good source of information.
44. The Committee asked that Randy Tilley from the Division of Financial Management, Cathy Holland-Smith from the Legislative Services Office, and Brent Reinke from the Department of Juvenile Corrections be invited to the January 7 morning breakout session to discuss juvenile substance abuse issues and sentencing reform. Recommendation #9 will be treated as an intermediate recommendation.
45. Suggested for discussion at the January 7 meeting was modification of the law on smoking/tobacco use by minors and a pilot project involving Judge Murray's efforts in eastern Idaho. Darci Yarrington provided handouts from the Department of Juvenile Corrections on Bannock County's "Constructing a Future" program and profiles of several successful cases involving juvenile justice programs.

Miscellaneous/Wrap-up

46. A request was made for information on the number of middle management positions as well as the total positions eliminated in the budget holdbacks.
47. A suggestion was made to take some time at the January 7 meeting to discuss lump sum appropriations.
48. Primary concerns for discussion at the January 7 morning breakout session were identified as: the Fish and Game fee range, extending the timeline on land exchanges, evaluation of a possible drop in Drug Court funding, and discussion of juvenile sentencing reform.

Assignments:

- Try to locate information on a possible proposal regarding invasive species (perhaps by the Nature Conservancy?) – Darci Yarrington
- Current fees, proposed fee range, and time period for the Department of Fish and Game fee range recommendation – Roger Fuhrman
- Draft wording for a recommendation extending the time frame for use of land exchange funds to five years – Guy Hurlbutt
- "Evaluating the Effectiveness of Drug Courts in Idaho" - Gordon Graff will contact Randy Tilley to see if copies are available.
- Invite Randy Tilley, Cathy Holland-Smith, and Brent Reinke to the January 7 breakout session – Gordon
- Information on the number of positions eliminated through holdbacks – Gordon will make inquiries.

Next Meeting:

January 7, 2003 - A full Task Force meeting will be held at the JR Williams Building to discuss supplemental recommendations to be forwarded to the Governor. Committee breakout sessions will be held in the morning and afternoon.



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – January 7, 2003

Meeting Location – JR Williams Building – Boise, ID

Attendance:

Committee Members: Dave Bivens, Jack Buell, Sherry Krulitz, Nancy Merrill, Randy Olaveson, Darci Yarrington.

Support Staff: Gordon Graff, Randy Tilley, Judy Welker.

State Staff Providing Information: Cathy Holland-Smith, Brent Reinke, Patti Tobias.

Decisions/Recommendations:

1. The Committee decided to send a recommendation to the Task Force to support the judicial branch of government's request for adequate funding to support Drug Courts, Family Courts, and Senior Judges.
2. The Committee decided to send a recommendation to the Task Force to consider amending Sections 23-604, 23-949, 18-1502, 39-5703, 20-505, and 20-506, Idaho Code, to transfer the prosecution and adjudication of misdemeanor tobacco and alcohol possession offenses committed by minors under the Juvenile Corrections Act, where more effective intervention, sentencing alternatives, and follow-up procedures for juveniles are available to the court. These offenses would be prosecuted under the Juvenile Corrections Act by way of a uniform citation to minimize law enforcement and prosecutor time and expense.
3. The Committee decided to send a recommendation to the Task Force to examine providing the Fish and Game Commission with the flexibility to adjust licensing fees within a legislatively set fee range.
4. The Committee decided to send a recommendation to the Task Force to amend Section 58-133(3), Idaho Code to allow the state board of land commissioners to hold proceeds from the sale of land in the land bank fund for a period not to exceed five (5) years from the effective date of sale.
5. The Task Force discussed the four supplemental recommendations listed above during the afternoon meeting and voted to forward them to the Governor.

Discussion Items:

Getting Started

6. Four areas were introduced as the focus of the morning breakout session:
 - Evaluation of funding for Drug Courts.
 - Juvenile sentencing reform, particularly tobacco and alcohol offenses.
 - The Department of Fish and Game fee range.
 - Extending the time frame for land exchange funds to five years.

Drug Court Funding

7. Randy Tilley distributed two handouts of information related to a study produced by the judicial branch evaluating the effectiveness of drug courts in Idaho. Patty Tobias from the Supreme Court and Brent Reinke from the Department of Juvenile Corrections provided information and insights into drug court, family court, and senior judge processes.
8. Drug courts have been established in all 7 judicial districts. The 3.5% budget holdback was \$899,000, with \$340,000 of that in drug court funding. If the holdback becomes permanent, the drug court program will be severely impacted.
9. Funding for treatment is located in the Department of Health & Welfare budget. Health & Welfare reduced \$40,000 in drug court funding due to the budget situation. That doesn't necessarily mean treatment was cut since this kind of reduction can be offset by shifting federal dollars from other programs to cover shortfalls.
10. Several committee members commented on excellent results they are aware of involving work with drug and family courts.
11. The Committee outlined wording that could be used to draft a recommendation for the Task Force to consider in the afternoon session.

Juvenile Sentencing

12. Juveniles arrested for alcohol or tobacco offenses are treated as adults in traffic court. Patty Tobias provided information to help support a recommendation to revise the system and have such offenses handled in juvenile courts.
13. The current system limits effective intervention by the courts. Magistrates who concentrate on juvenile issues are better trained on appropriate intervention strategies and can identify problems earlier. Also, the juvenile justice system is capable of bringing the family into resolving issues that may have led to the offenses. The effect is a streamlining of the process.
14. The Committee decided to draft a recommendation for the Task Force to consider.

Beer and Wine Taxes

15. At the January 3 meeting Senator Bunderson asked the Committee to consider managing the survey on the societal costs of alcohol abuse. Cathy Holland-Smith of the Legislative Services Office reported on her involvement with the survey.
16. Some local law enforcement agencies feel they don't have the resources to collect the information needed to answer the survey. Also, some are intimidated by the state asking questions. State agencies are generally equipped to provide answers and the

Boise, Lewiston, and Nampa police departments have done an excellent job of responding.

17. Question: Who has been opposed to the increase in beer and wine taxes so that an increase has not occurred in 30-40 years? Answer: Distributors have been very successful in lobbying efforts. A concern has been successfully put forth that an increase in taxes will result in a decrease in demand with the result of less tax being collected. Generally, the lobby has not expressed interest in addressing issues dealing with the societal costs of alcohol abuse.
18. The Committee asked that Gordon Graff and Randy Tilley work with Cathy Holland-Smith to coordinate additional survey results.

Pilot Project – Juvenile Sentencing Alternatives

19. Discussion was held on community-based sentencing alternatives that could be piloted in urban and rural areas. Resources are needed in the form of cash for services and cash incentives. Cities and counties need incentives to develop the sentencing alternatives. The 6th Judicial District was mentioned as a possible urban pilot.
20. Community-based treatment needs to be shown as a viable, cost effective alternative to involvement in the juvenile justice system or incarceration. It needs to work for the court and the counties and is the right thing to do for the families.
21. Of 83 magistrates, 40 to 50 of them handle Juvenile Corrections Act cases. A team of 7 magistrates focuses on JCA. Ninety-four percent (94%) of all juvenile offenders are currently kept or treated or incarcerated in counties (community corrections). Local control is a key piece of community corrections.
22. A proposal was made to have court administrators and magistrates from around the state tell the Committee what they are doing and what they need. A reality is that funding of a pilot project will decrease resources for high-risk juvenile corrections individuals.

Invasive Species

23. The Governor has formed a committee to study invasive species issues. Legislation is being proposed to create an Idaho Invasive Species Council. Senator Craig has helped provide federal funds. The Committee plans to hold off further action on invasive species and follow the legislation.

Department of Fish and Game Fee Range

24. Two handouts with supporting information from the Department of Fish and Game were distributed - a more detailed description of the issue background and a fee schedule for example purposes.
25. After some discussion, the Committee decided to strike the wording referring to the actual cost of doing business and send the recommendation to the Task Force for discussion at the afternoon meeting.

Land Exchange Time Period Increase to Five Years

26. The Committee reviewed the wording developed by Guy Hurlbutt and decided to send the recommendation to the Task Force for consideration.

Intermediate and Long-Term Recommendations

27. At the close of the Task Force meeting, the Committee reconvened to develop a strategy to handle intermediate and long-term recommendations. Individual assignments were made for each draft recommendation.

Assignments:

28. Draft Recommendation 5/B: Increase funding to retain highly skilled and qualified Idaho State Police personnel, especially in the areas of cyber-crime, firearms and forensics. – Jack Buell and Sherry Krulitz.
29. Draft Recommendation 6/B-C: Replace, improve and update strategically located regional ISP facilities. – Jack Buell and Sherry Krulitz.
30. Draft Recommendation 8/B; Study the communications/ technology capabilities of the Military Division and Idaho State Police. – Judy Welker and Gordon Graff will develop a questionnaire for distribution.
31. Draft Recommendation 9/B: Explore the possibility of a standardized GIS format for the natural resource agencies. – Darci Yarrington.
32. Draft Recommendation 13/B-C: Provide funding for a centralized state-of-the-art human and animal laboratory. – Dave Bivens will visit with Pat Takasugi.
33. Draft Recommendation 17/B: Implement the conclusions created by the 2003 Study (proposed study on mass transit) that would develop financing to assist the local funding and match available federal monies. These monies would be separate and not take away from current road funding sources protected by Idaho's Constitution. – Dave Bivens.
34. Draft Recommendation 18/B: Establish a task force to study methods of partially or totally replacing Idaho's fuel tax and annual registration fee, which is dedicated to maintenance and construction of Idaho's roads, with a replacement funding source. – Dave Bivens.

Next Meeting:

Date: February 6, 2003.

Time: 1:30 – 5:00 p.m.

Place: Idaho Department of Labor Annex Conference Room – Boise.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

February 6, 2003
Idaho Department of Labor

AGENDA

1:00	Juvenile Justice Panel
3:00	Invasive Species Presentation by Glen Secrist
3:30	Break
3:45	Activity Updates from Committee Members
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – February 6, 2003

Meeting Location – Department of Labor Annex Conference Room – Boise, ID

Attendance:

Committee Members: Dave Bivens, Jack Buell, Debbie Hall, Guy Hurlbutt, Sherry Krulitz, Randy Olaveson, Judy Woodie, Darci Yarrington.

Support Staff: Gordon Graff, Randy Tilley, Judy Welker.

Others Attending: *Juvenile Justice Panel* – Sharon Burke, Kay Carter, Bryan Murray, Matt Olsen, Doug Payne, Brent Reinke, Patti Tobias, John Triplett, Jack Varin. *Invasive Species Presentation* – Glen Secrist.

Decisions/Recommendations:

1. Draft a summary of the juvenile justice panel discussion for distribution to other 2020 Task Force key committees.
2. Prepare a recommendation supporting passage of the Idaho Invasive Species Act that is currently in legislation.

Discussion Items:

Juvenile Justice Panel

3. Panel members:

Sharon Burke, Idaho Supreme Court Juvenile Justice Program
Kay Carter, Ada County Juvenile Court
Bryan Murray, Bannock County Juvenile Court
Matt Olsen, Bannock County Juvenile Justice Program
Doug Payne, Benewah County Prosecutor's Office
Brent Reinke, Idaho Department of Juvenile Corrections
Patti Tobias, Idaho Supreme Court
John Triplett, Nez Perce County Court Services
Jack Varin, Camas County Magistrate Court

4. A panel of magistrate judges, prosecuting attorneys, and juvenile justice program managers provided information on the juvenile justice system within the state. The

panel was asked to describe what is currently working and what the system will look like in the future.

5. Juvenile justice is an evolving system. A strong partnership exists between the state, counties, and courts. Two important components have been the use of POST training and an initiative between courts and county commissioners involving an ad hoc group to address conflicting issues.
6. Over the next five years work to strengthen the relationship between courts and counties and state. Local support is key – programs are best run at the local level. Look at barriers to partnership and how to address them.
7. Question: How can the relationships be strengthened? Answer: Keep going the direction that we have been going. Make sure we have good standards for probation officers and provide training to support the standards. Make sure money is being used appropriately. The most effective dollars are intervention dollars, not incarceration. Drug use is a tremendous issue that will require great effort at all partnership levels. It will be the biggest expense we're looking at.
8. Question: Penalties for tobacco use don't seem to work. If jail time is not effective, how can this be addressed? Answer: That's what we get at with intervention, a training mechanism for including the family. We need to look at the whole family to stop tobacco use at an early age.
9. Question: If we're looking to the 2020 Task Force as an avenue for change, are there statutes or regulations that should be revised? Answer: Resources in smaller, rural areas are an issue. Create a way for counties to come together to share resources. Some laws interfere with the ability to work together, for example, between Health & Welfare and Adult and Juvenile probation. Various confidentiality laws create barriers limiting the exchange of information between organizations. Many may be at the federal level.
10. Move tobacco and alcohol possession/offenses into the Juvenile Corrections Act. That would allow jurisdiction over the parents, one of the key points of the Act.
11. Put minor crimes, misdemeanors, under the Juvenile Corrections Act and let police "ticket" offenders into juvenile court. Give prosecutors discretion over more serious offenses. Make all juvenile misdemeanors citable under the Act as long as they are served to the parents.
12. Section 33-207 of Idaho Code allows the court to take over in cases of school truancy, but does not compel parents to become involved in the issue. We need to make it easier to cite the parents into Juvenile Court. IC 33-207 is antiquated (a 1963 law) and needs to be updated and more specific for system-wide access.
13. In some cases, after being cited the parent withdraws the student and says they are home schooling. Home schooling standards are not in place and need to be established.
14. Many counties don't have misdemeanor probation departments. A set of rules/laws is needed governing the misdemeanor correction system. The area covering 18 to 21-year olds is a particular void. The lack of an effective community-based system must be costing the state a lot of money.
15. Question: How do we go about institutionalizing a system to keep people out of incarceration? Answer: The Sixth District has a program that could be used as a pilot. But there is no financial incentive to keep kids in community-based programs.

Keeping kids in the community and out of the juvenile corrections system saves money, but we need a way for the state to funnel the savings back to the community programs. Currently, it's easier to send kids to juvenile incarceration, but that doesn't solve the problem they return to in the family or whatever situation is causing the behavior. With additional dollars, programs could be expanded. Kids with nowhere else to go could be housed in a supportive environment. The problem is no financial incentive exists within the current funding system to keep doing the things that are proving successful.

16. A plan could be set up to treat counties in a district as one entity. The incentive would be a return of dollars to the district for those they keep in local programs rather than send to the state. Reclaim Ohio was mentioned as a model, though there was some question as to how that model would be applied in Idaho.
17. One of the keys to reform is to get people properly trained. A focus should be on training to make stakeholders a part of the partnership.
18. Question: The judiciary seems to get together to discuss issues. Do the prosecutors and probation staff also do that? Answer: Yes.
19. With the pressure of growing numbers of cases it is difficult to keep up with the workload. The courts need to have sufficient resources. The judiciary has been going to the Legislature and asking to develop a senior judge cadre.
20. Question: I understand what judges and senior judges (retired judges) are. What are referees? Answer: Referees are already in statute, but who they are and what they do is still being developed. Question: Like an arbitration hearing officer? Answer: Yes.
21. Question: How will we keep these processes in place? Answer: Build up partnerships so that a group is available to support someone new to the system by bringing them up to speed on how issues might be handled. Create teams.
22. The Juvenile Justice Panel recessed temporarily while a presentation concerning invasive species was made to the committee.

Invasive Species Presentation

23. Glen Secrist, with the Idaho Invasive Species Council, presented information on the potential effect of invasive species to the state. The Invasive Species Council was the outcome of concerns that began with the discovery of Eurasian Watermilfoil at Payette Lake. Citizen concern and action then resulted in creation of the Council.
24. Invasive Species deals with more than weeds. For example, the West Nile Virus is a growing problem. The New Zealand mudsnail has been identified below Shoshone Falls.
25. The zebra mussel and its propensity to clog pipes is one of the greatest concerns. The Hundred Meridian Initiative was begun to keep the mussel from moving beyond the 100th meridian. The zebra mussel could cause horrific problems if allowed to get into Idaho. But we don't know whether or not it is already here. There is no mechanism in place to identify what invasive species have already entered the state.
26. The potential for invasive species entering the state is very great. A system is needed for screening. The Department of Agriculture was asked to develop proposed legislation to address invasive species. The date for introduction of the bill is February 7.

27. Two handouts were provided: the draft legislation and common questions and answers. The legislation would require no additional funding.
28. Question: What are current concerns? Answer: One concern is to avoid the process turning into a federal-state program that doesn't accomplish anything. There may also be a possible impact on water users. An additional concern is making sure agencies can/will provide needed information.
29. The initial intent is to develop a statewide assessment of what invasive species are currently within the state. Then, from recommendations developed through the assessment, develop a strategy for dealing with the threat.
30. The Juvenile Justice Panel reconvened following the invasive species presentation.

Juvenile Justice Panel (continued)

31. Child protection, including child mental health, as an entity needs to be included in discussions with stakeholder agencies. If we want to move the system forward, then the Department of Health & Welfare needs to be a player.
32. In some cases the system works, but in some cases it doesn't. Getting services to kids can be difficult. Kids should not be committed to juvenile justice when the services should be available from Health & Welfare. And there needs to be greater accountability that private providers are doing what is specified.
33. Good people work at the agency, but the system is not very supportive. Health & Welfare is very large and it is difficult to work across program lines. You have to work with many people for one child. This may have to do with confidentiality requirements.
34. Experiences differ by area of the state. One area has a multi-disciplinary team that meets every Tuesday to work out issues between agencies
35. The concern is that juvenile justice becomes a dumping ground. Thirty percent of the kids going through courts have mental health issues. By the time kids reach their mid-teens, it takes a great deal of resources. We need to focus on earlier ages. Eight to nine-year olds need real intervention that, if provided, would keep them out of Juvenile Corrections 4-5 years later. That comes with social workers.
36. Studies have shown that the same part of the brain affected by methamphetamine use is affected in sexually abused children. This takes serious treatment and there is no treatment center in Idaho for sexually abused children. A commitment needs to be made that any child who is sexually abused will get treatment.
37. Concerns were expressed that grants are used to build infrastructure, but that no dollars are allotted for service delivery.
38. The judiciary has recently developed a survey in conjunction with Health & Welfare to gather information related to juvenile justice and service delivery.
39. Question: When was the Department of Juvenile Corrections split from the Department of Health & Welfare? Answer: July of 1995.
40. The Juvenile Corrections Act broke the mold as far as how juvenile justice was handled in Idaho. Perhaps it is time to consider a similar act with regard to children's services, substance abuse, and mental health. Something that would push the money out into the communities.
41. Question: Where does the Community Block Grant funding go? Answer: Directly to counties through the county commissioners' budgeting mechanisms.

42. The Jeff D. lawsuit was mentioned as well as comments on the lack of service delivery involved in the outcome of the lawsuit.
43. Greater focus needs to be put on substance abuse. Methamphetamine use is a big problem and the state has not come close to realizing how serious it is. Methamphetamine use rewires the brain. An example was described of a 25-year old so affected that the only option was to be institutionalized, probably for the rest of his life. Also mentioned was that those under 15 years of age who start using methamphetamines have a 98% chance of continuing on it for life because of how it rewires the brain.
44. Families have to be the focus. Cut money out of the bureaucracy and make it available locally to provide services to families in preventing methamphetamine use. Money is available, but evaporates into the bureaucracy.
45. Question: How do schools figure in? Answer: The schools are very cooperative, but cannot provide treatment. A number of parents are giving drugs to their children. The focus has to be on the family. We have to move the system to where it brings all the stakeholders together.
46. A statewide coordinating committee exists for Drug Courts. Money was made available for staffing and testing. The Legislature appropriated \$576,000 for drug treatment. It is effective because the money goes directly to the judicial branch, which then distributes it to the local communities. Several success stories were related emphasizing that need for funding to go to the stakeholders.
47. The courts are seeing an increase in family service coordinators. Individual child protection officers are assigned to the court. That may be one way to break the mold. Family courts are another example.
48. Courts are the last line of defense for these social problems. Ten years ago this discussion would not be taking place. Courts are not social workers. We need to get county commissioners involved. Prosecutors are probably uncomfortable that the courts are even in this arena. But the Drug Courts are being effective. Bear in mind that there has to be more than "Courts, you do it."
49. Money is controlled best at the local level. County commissioners watch their budgets and have experience doing so. Counties get many grants that are controlled locally.

Committee Discussion

50. A suggestion was made that the Public Safety, Transportation, and Natural Resources committee co-chairs go to the co-chairs of the Health and Human Services committee and share what was heard today.
51. Another suggestion was made to provide a report of what was heard today to the other committees. A draft could be circulated back to the panel members for review and additions before finalizing the report.
52. Standards need to be set for home schooling. A proposal could be developed to give home school parents a tax credit and require testing of children.
53. A suggestion was made to request an in-depth performance audit focusing on Family and Children's Services involving accountability, success, and resource usage. Programs covering substance abuse, mental health, child protection, and sexual abuse should be examined. The audit could examine the effectiveness of moving programs

to the county level. If brought down to the local level, unfunded mandates should be avoided.

54. Other possible recommendation items were discussed:
- a) Standards and training for probation officers.
 - b) The confidentiality of Health & Welfare and Adult Corrections information needs to be broadened to allow the professionals treating one person to work together for the person.
 - c) Support the concept of using Referees/Hearing Officers to assist with judicial caseloads. Guidelines and standards should be developed to allow for this.
 - d) Modify Section 33-207 to make parents accountable for school attendance for children over the age of seven.
 - e) Consolidate and clarify juvenile offenses. Cite youth into court for misdemeanors. Felonies would be handled at prosecutor discretion.
55. The committee decided to develop a recommendation supporting passage of the Idaho Invasive Species Act currently proposed in legislation.

Idaho State Police

56. Jack Buell and Sherry Krulitz reported on a meeting with the Idaho State Police in Region 1. The facilities appeared to be in poor shape and need to be upgraded to better match the needs of the agency.
57. ISP has been losing middle management staff. The senior management level will be retiring in the next six years and there will be no mid-level management to move into upper level management.
58. ISP doesn't have enough detectives available to deal with some crimes as timely as needed. Additionally, their forensic staff was almost hired away at one point. Two years of training are required before forensic personnel are allowed to testify in court.
59. Though facilities are not adequate, the committee felt upgrades should not occur to the detriment of making officers available for public safety. The first priority in funding should be in supporting patrolmen on the road.

Assignments:

60. Draft a summary of the juvenile justice panel discussion for distribution to the other key committees – Administrative Support Staff.
61. Put in recommendation format the proposal supporting passage of the Idaho Invasive Species Act currently in legislation – Administrative Support Staff.

Next Meeting:

Date: March 12, 2003.

Time: Noon – 5:00 p.m.

Place: Idaho Department of Labor Field Services Conference Room – Boise.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

March 12, 2003
Idaho Department of Labor

AGENDA

1:00	Juvenile Justice Recommendations
2:00	Department of Transportation
3:00	GOS Discussion Item 64
3:30	Break
3:45	Brainstorm Ideas for Continual Government Efficiency
	Activity Updates on Assigned Recommendations
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – March 12, 2003

Meeting Location – Department of Labor Field Services Conference Room – Boise, ID

Attendance:

Committee Members: Dave Bivens, Debbie Hall, Guy Hurlbutt, Nancy Merrill, Darci Yarrington. (Through conference call – Jack Buell, Sherry Krulitz, Randy Olaveson.)

Support Staff: Gordon Graff, Katie Lamm, Randy Tilley, Laura Gleason.

Others Attending: Department of Transportation – Mary Detmar, Morris Detmar, Steven Hutchinson, Jim Ross, Charles Rountree.

Decisions/Recommendations:

1. The Committee will draft a recommendation supporting an in-depth performance audit focusing on Family and Children's Services.
2. The Committee will draft a recommendation supporting the concept of using Referees/Hearing Officers to assist with judicial caseloads.
3. The Committee will draft a recommendation to support modification of Section 33-207, Idaho Code, to make parents accountable for school attendance for children over the age of seven.
4. The Committee will draft a recommendation supporting efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion.
5. The committee decided to table a recommendation supporting passage of the Idaho Invasive Species Act.
6. The Committee will draft a recommendation supporting a Memorandum of Understanding between the Idaho Department of Transportation and the State Tax Commission, and subsequent legislation, to move the motor carrier audit functions to the Tax Commission.
7. The Committee decided not to support a recommendation for the use of GARVEE bonds for highway construction. The Committee will support the use of design-build highway contracting.
8. The Committee decided to support findings of the Idaho Transportation Resource Task Force and future efforts to find a stable funding structure. These findings relate to the 2020 Blue Ribbon Task Force PSTNR Recommendation #12 sent to the

Governor this past December and to draft Recommendation #18B to study Idaho's fuel tax and annual registration fee.

Discussion Items:

Juvenile Justice

9. Laura Gleason, administrative support staff for the Health & Human Services Key Committee, extended an invitation to committee members to attend the April 3 meeting of the Health & Human Services Committee. A juvenile justice mini-panel is being assembled for the April 3 meeting as a follow up to the juvenile justice panel held at the Public Safety, Transportation, and Natural Resources Committee meeting on February 6.
10. Dave Bivens gave an overview of the juvenile justice panel discussion, stressing the need for good working relationships between the Department of Health & Welfare and the juvenile justice system. The committee reviewed Items 50-54 from the February 6 Meeting Summary.
11. Items 50 and 51: to provide other 2020 committees with a synopsis of the juvenile justice panel discussion: These items have been completed.
12. Item 52: *"Standards need to be set for home schooling. A proposal could be developed to give home school parents a tax credit and require testing of children."* The Education Committee has been notified and may extend an invitation to discuss the issues at their next meeting dependent on scheduling and/or agenda conflicts. A suggestion was made to inquire with the Health & Human Services Committee as to whether the Education Committee has been invited to the juvenile justice mini-panel on April 3.
13. Item 53: *"A suggestion was made to request an in-depth performance audit focusing on Family and Children's Services involving accountability, success, and resource usage. Programs covering substance abuse, mental health, child protection, and sexual abuse should be examined. The audit could examine the effectiveness of moving programs to the county level. If brought down to the local level, unfunded mandates should be avoided."* Develop as an intermediate recommendation.
14. Item 54a: *"Standards and training for probation officers."* Adult Corrections officers are state employees. Juvenile Corrections officers are county employees. The item was tabled.
15. Item 54b: *"The confidentiality of Health & Welfare and Adult Corrections information needs to be broadened to allow the professionals treating one person to work together for the person."* The Committee felt this would be discussed at the juvenile justice mini-panel on April 3.
16. Item 54c: *"Support the concept of using Referees/Hearing Officers to assist with judicial caseloads. Guidelines and standards should be developed to allow for this."* Ask Patti Tobias to help develop a recommendation. A concern was raised that the cost not be passed on to the counties.
17. Item 54d: *"Modify Section 33-207 to make parents accountable for school attendance for children over the age of seven."* This requires a statute change. Darci Yarrington

has received draft information from John Triplett. Darci will follow up in developing a draft intermediate recommendation.

18. Item 54e: *“Consolidate and clarify juvenile offenses. Cite youth into court for misdemeanors. Felonies would be handled at prosecutor discretion.”* A statute change would be required. Request help from Judge Murray, Judge Varin, and Director Reinke to draft a recommendation. Darci and Gordon will work with them.

Invasive Species

19. The Committee reviewed Item 55 from the February 6 Meeting Summary which states *“The committee decided to develop a recommendation supporting passage of the Idaho Invasive Species Act currently proposed in legislation.”* A committee in the Legislature has considered the bill, but is not moving to act on it. The PSTNR Committee decided to table discussion until a later date since the issue is basically moot for this legislative session.

Department of Transportation

20. Jim Ross, Acting Director of the Department of Transportation, introduced four topics of discussion: consolidation of motor carrier auditor functions, grant anticipation revenue vehicles (GARVEE bonds), design-build highway contracting, and a study committee to identify transportation needs/challenges and provide a stable funding source for transportation projects and services.

Consolidation of Motor Carrier Auditing Functions

21. Morris Detmar, Division Administrator for Motor Vehicles, provided information on the potential benefits of consolidating audit activities currently done by the Department of Transportation and the Tax Commission. International Registration Plan audits and registration audits are performed by Department of Transportation personnel. International Fuel Tax Agreement audits are performed by the Tax Commission. A change in national regulations has made consolidation of the functions easier to address.
22. Four methods of handling the audits have been identified:
 - i. ITD and the Tax Commission conduct joint audits.
 - ii. Combine audit functions and move operations to ITD.
 - iii. Combine audit functions and move operations to the Tax Commission.
 - iv. Keep audit functions separate as done currently and communicate better.
23. The two agencies feel the third option, to move the audit functions to the Tax Commission, is the optimal course of action. Two FTPs are expected to be eliminated through the consolidation.
24. The agencies have been working with the Governor’s Office and the Division of Financial Management to develop a Memorandum of Understanding for transfer of the audit functions effective July 1, 2003. The program would operate under the MOU until legislation can be prepared and approved.
25. The Committee decided to develop a recommendation supporting the MOU and subsequent legislation to move the motor carrier audit functions to the State Tax

Commission. Dollar savings may be included in the recommendation if the savings can be determined.

Legislation to Increase the Truck Weight Limit to 129,000 Pounds

26. Jack Buell voiced concerns with legislation to increase the truck weight limit in southern Idaho from 105,000 pounds to 129,000 pounds. If trucks move off the red routes onto secondary roads, damage to the road structure will occur.
27. Question: How can this be allowed? Answer: The Department of Transportation was asked to determine, from an engineering standpoint, whether the increased weight limit would damage bridges and roads on the red routes. They found that the additional axles required would spread the weight in a way that the pressure per square inch would not significantly change. From an engineering standpoint, the Department could not say that damage would occur and has taken a neutral stance on the legislation.
28. Question: Does Canada still have the 138,000 pound limit? Answer: Yes. There is also a push in surrounding states for weight increases.
29. Concern was expressed that the weight limit will be raised in northern Idaho in the future and trucks will not stay on allowable roads. Also, concern over who would police the weight increase when the state is currently having difficulty keeping troopers on the road.

Grant Anticipation Revenue Vehicles (GARVEE Bonds)

30. Steve Hutchinson, Acting Chief Engineer, presented information describing a process for issuing road construction bonds using future federal aid as a mechanism to handle the debt. Use of GARVEE bonds would allow projects to be built more quickly, costs would be reduced because of inflation savings, and drivers would experience less travel disruption and increased safety.
31. To use GARVEE bonds, the Department of Transportation proposes modifying Chapter 4 of Title 40, Idaho Code, which would expand the Transportation Board's turnpike authority. If Title 40 was modified, the State Constitution would not need to be amended to allow use of GARVEE bonds.
32. Question: How many states use GARVEE bonds? Answer: Five states use GARVEE bonds, seven other states have authority to use GARVEE bonds, and seven additional states are looking into the use of GARVEE bonds.
33. Question: It seems there may be a possibility of overcommitment. If we were to get overcommitted using GARVEE bonds, what could we do? Answer: Some states set a limit of expected federal aid, for example, New Mexico's limit is based as a percentage of federal aid. Some states have tied limits to approval by the Legislature or to other funding streams. Idaho would probably look to New Mexico as an example.
34. Question: Could the bonds be used locally? Answer: The bonds would be used primarily on high-speed interstate roads, for example, in conjunction with the corridor study in southern Idaho. If the Wye Interchange had \$75 million upfront in GARVEE bonds, it would have been done much quicker. Use on local projects would need to be investigated further.
35. Question: If the Wye could have been accomplished quicker, would it also be cheaper? Answer: Yes, we beat inflation by moving faster. This is a good segue into the design-build concept.

Design-Build Highway Contracting

36. With design-build, the design and construction of a project is handled in the same contract. The project is completed more quickly and impact on the public going to/from work is minimized. It allows hiring a combination group where the designer can design to the contractor's strengths and also eliminates design error problems.
37. Question: Is design-build tied to GARVEE bonds? Answer: Yes, on the larger projects, for example, \$90 million needed on Highway 95. Washington State says that a \$10 million project may be their threshold. The opportunity for innovation is not present on small projects.
38. Question: What if federal funding stops? Answer: The federal government has a significant interest in maintaining the national highway system. GARVEE funds would be concentrated on interstate systems and the National Highway system.
39. Question: What if the money available through bonding is insufficient? Answer: Other federal funds and state funds would have to be used. That's what is done now when a project change pushes the project over budgeted resources.
40. Several committee members expressed concern that the Department's approach would avoid changing the State Constitution and circumvent voters. Also, there was a concern that Utah had experienced problems.
41. Question: What successes have other states had? Answer: Utah got in trouble with some projects, but was successful with the Interstate renovation. Arizona has used it on the belt route around Phoenix. New Mexico increased 100 miles of 2-lane to 4-lane highway. California has a number of projects going. Colorado's T-Rex project has been successful.
42. Question: Doesn't this just add lane miles? Answer: Regional planning organizations such as COMPASS would need to be involved. We can't build ourselves out of congestion.
43. Question: Are there limits on use? Answer: No restriction that isn't allowed in Title 23 of United States Code. Right of way is covered, probably not maintenance. Alternate transportation may be a stretch.
44. Under Title 23, the process has to involve public input. Economic, social and environmental issues all have to be addressed. The project must be identified before GARVEE bonds can be issued and design-build contracting take place.
45. A vote was held on whether the Committee should support the GARVEE bond recommendation:
 - Two abstentions
 - One vote Yes
 - One vote Yes, if bonds were approved through the Legislature
 - Three votes No
46. A vote was held on whether the Committee should support the Design-Build recommendation:
 - Five votes Yes
 - Two votes No
47. The Committee discussed a concern that the GARVEE bond recommendation would concentrate too much authority in the Transportation Board. Committee members expressed interest in reviewing the GARVEE bond recommendation again if voter approval is added to the process.

Study Committee to Identify Transportation Need/Challenges and Provide Stable Funding Source for Transportation Projects and Services

48. Charlie Rountree, Division Administrator for Transportation Planning, presented a draft report outlining findings and conclusions of the Idaho Transportation Resource Task Force.
49. The final report should be available within several weeks. It could be used as an attachment to update Task Force Recommendation #12 sent to the Governor in December – “Support a request that the Idaho Legislature adopt a concurrent resolution that creates a task force or committee with active participation by Department of Transportation’s Visioning committee, counties, cities, highway districts and other entities to study and report issues related to public transportation coordination and funding for urban and rural areas.”
50. The report lists a number of options for which white papers have been developed. The white papers are available on request.
51. Question: An invitation was received in the mail by one of the committee members. Is that related to what is discussed in the report? Answer: Yes, ITD is preparing to undertake a visioning process covering the next 25 years. The invitation was to join in developing that vision of future transportation uses and needs.
52. Question: Indexing the fuel tax was mentioned. What does that mean? Answer: The fuel tax would be tied to an index, for example, the Consumer Price Index. These types of things are also being discussed on a national level.
53. A graphic, Idaho Trend Indicators, was displayed indicating the growth of fuel taxes has not kept up with the dramatic increase of traffic on the roads. Copies will be made and distributed to the committee members.
54. The Committee was asked to support the findings of the Idaho Transportation Resource Task Force and future efforts to find a stable funding structure. The Committee voted to do so.

Juvenile Justice Panel – Home Schooling

55. The Committee briefly revisited home schooling issues presented by the juvenile justice panel. Accountability, IOWA testing, interaction with other children, discipline issues, and reimbursement of home schooling costs were mentioned by committee members as possible discussion items. It was felt a recommendation concerning home schooling could be strengthened with information from the panel.

Government Organization and Structure Committee Discussion Item 64

56. The Committee reviewed GOS Discussion Item 64, which deals with reducing the number of boards, commissions, and councils.
57. Several committee members cautioned that in looking at consolidation, the self-supporting organizations need to be approached carefully. When specific interest groups pay for a self-supporting organization, their needs have to be taken into account in the review process.
58. The Committee particularly liked the list of questions presented in Discussion Item 64 for review of advisory councils, commissions, and boards.

59. A suggestion was made that the GOS Committee could send a list of organizations that should or should not be consolidated, though that may be what they are asking from the Public Safety, Transportation, and Natural Resources Committee. The Committee decided to contact the natural resource agencies and develop a list of possible areas for consolidation. In the meantime, Nancy Merrill and Dave Bivens will try to meet with General Manning to obtain additional guidance.

Brainstorm Ideas for Continual Government Efficiency

60. The consolidation of motor carrier auditing functions by the Department of Transportation and the Tax Commission is a good example.
61. A brief revisit of GARVEE bond issues was held. Several ideas were put forward: setting a percentage of federal aid aside for debt reduction and asking the Legislature for approval to commit to bonding a project, that GARVEE bonds are a good idea after modifying the Constitution, and the election rather than appointment of ITD Board members. A suggestion was made to revisit the issue of GARVEE bonds at a later date.
62. Committee members felt that future research on efficiencies lies in the public safety and natural resource areas – changing the cycle of criminal behavior, treatment versus beds, and other similar issues.

Activity Updates on Assigned Recommendations

63. Darci Yarrington, reporting on GOS recommendations 13 and 14, felt they should be discarded in favor of GOS Discussion Item 81. Discussion Item 81 deals with creating an Information Technology Senior Policy Advisor position and an Information Technology Business Expectations Advisory Council.
64. Draft Recommendation 8/B to study the communications/technology capabilities of the Military Division and Idaho State Police was tabled pending future progress on a statewide telecommunications backbone. Instead the Committee will try to put together a panel of public safety organizations this summer to address issues in enhancing communication between the organizations.
65. The beer and wine tax survey was discussed. Gordon Graff reported that Cathy Holland Smith has received no additional responses since the status report was distributed in January. Administrative support staff will proceed with drafting a follow-up memo to Senator Bunderson's original letter.
66. Question: Has feedback been received from the Governor's Office regarding Task Force recommendations that have been submitted previously. Answer: The subject came up at the Steering Committee meeting held on February 28. Feedback will be provided at the April 4 Task Force meeting. Gordon will find out the meeting time for the April 4 meeting and email it to the Committee.

Assignments:

67. Inquire with the Health & Human Services Committee whether the Education Committee has been invited to the juvenile justice mini-panel on April 3 – Administrative Support Staff.
68. Develop an intermediate recommendation supporting an in-depth performance audit focusing on Family and Children's Services – Administrative Support Staff will contact Patti Tobias.
69. Develop a recommendation supporting the concept of using Referees/Hearing Officers to assist with judicial caseloads – Administrative Support Staff will contact Patti Tobias.
70. Develop an intermediate recommendation to support modification of Section 33-207 to make parents accountable for school attendance for children over the age of seven - Darci Yarrington will work with John Triplett.
71. Develop a recommendation supporting efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion – Darci Yarrington and Gordon Graff request help from Judge Murray, Judge Varin, and Director Reinke.
72. Develop a recommendation supporting an MOU between the Idaho Department of Transportation and the State Tax Commission, and subsequent legislation, to move the motor carrier audit functions to the Tax Commission – Mary Detmar and Gordon Graff.
73. Distribute copies of the Idaho Trend Indicators handout – Administrative Support Staff.
74. Contact the natural resource agencies and develop a list of possible areas for consolidation. Administrative Support Staff will contact Larry Schlicht at the Division of Financial Management to begin the process.
75. Nancy Merrill and Dave Bivens meet with General Manning to obtain additional guidance on GOS Item 64 – Administrative Support Staff will contact the GOS Committee.
76. Bring together a panel of public safety organizations to address issues in enhancing communication between the organizations – Administrative Support Staff will draft an agenda item for a future Committee meeting.
77. Find out the starting time for the April 4 Task Force meeting – Administrative Support Staff will check to see if the starting time has been set and email it to the Committee.

Next Meeting:

Will be scheduled at the April 4 Task Force Meeting.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

May 8, 2003
Idaho Department of Labor
Field Services Conference Room

AGENDA

10:00	Updates on Recommendations and Activities in Progress (Juvenile Justice, GIS, Laboratories, Transportation, Beer and Wine Survey)
11:45	Break
12:00	Working Lunch – Setting up a Public Safety Communications Panel for a Future Meeting
1:00	Review List of Boards, Commissions, and Councils
2:45	Break
3:00	Continue Reviewing List of Boards, Commissions, and Councils
5:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – May 8, 2003

Meeting Location – Department of Labor Field Services Conference Room – Boise, ID

Attendance:

Committee Members: Dave Bivens, Jack Buell, Guy Hurlbutt, Sherry Krulitz, Nancy Merrill, Judy Woodie, Darci Yarrington.

Support Staff: Gordon Graff, Judy Welker, Randy Tilley, Pam Stewart, Eric Beck.

Others Attending: Department of Transportation – Jim Ross, Ada County Highway District – Jim Larsen.

Decisions/Recommendations:

1. The Committee decided to remove Draft Recommendation 9/B to “explore the possibility of a standardized GIS format for the natural resource agencies” from further consideration.
2. The Committee will continue drafting a recommendation supporting an in-depth performance audit focusing on Family and Children’s Services within the Department of Health and Welfare.
3. The Committee will not pursue drafting a recommendation supporting the concept of using Referees/Hearing Officers to assist with judicial caseloads.
4. The Committee decided to forward Recommendation 13/B-C to “provide funding for a centralized state-of-the-art human and animal laboratory” to the Task Force for consideration, with an addition to the Obstacles section on the costs involved.
5. The Committee will proceed with drafting Recommendation 18/B to “establish a task force to study methods of partially or totally replacing Idaho’s fuel tax and annual registration fee, which is dedicated to maintenance and construction of Idaho’s roads, with a replacement funding source.”
6. The Committee decided to move forward with drafting a recommendation supporting passage of an Idaho Invasive Species Act.

Discussion Items:

Welcome

7. Dave Bivens welcomed the members to the meeting. An announcement was made that Jim Larsen from the Ada County Highway District would be presenting to the Committee at 1:00 p.m. on Intelligent Transportation Systems.
8. A question was raised concerning a Port of Entry being constructed at Horseshoe Bend. Discussion was deferred until later in the meeting.

Update on Recommendations and Activities in Progress

Draft recommendation 9/B: Explore the possibility of a standardized GIS format for the natural resource agencies.

9. Two main points were presented: 1) that the committee has not heard any support for the recommendation from the state and local level, 2) that GOS Discussion Item 81, which calls for creation of an Information Technology Business Expectations Advisory Council, would be a better tool for handling development of a standardized GIS format.
10. The Committee voted to remove Recommendation 9/B from further consideration by the Committee.

Recommendation to support modification of Section 33-207, Idaho Code, to make parents accountable for school attendance for children over the age of seven.

11. Darci Yarrington reported that a draft has been composed and input received from stakeholders, but the draft needs additional legal review before it can be completed.
12. A discussion of issues involving truancy and home schooling followed. Committee members provided examples of good and poor home schooling environments of which they were aware. Issues of socialization and participation in high school activities were discussed, as was the availability of testing requirements.
13. The Committee strongly recommended that the Education Key Committee address home schooling in a long-term recommendation. Judy Welker reported that the Education Key Committee discussed this in their last meeting focusing on parent responsibility, achievement issues, attendance, and competency testing. A recommendation may be out later in the month for comment by the PSTNR Committee.
14. Comment was made that the Health and Human Services Key Committee was interested in further observations from the PSTNR members. Discussion ensued that the two main issues involved are standards for home schooling and parent accountability.

Recommendation supporting efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion.

15. Darci Yarrington reported the draft recommendation is hung up on the Budget Impact section. Shifting activities from the state to the counties involves shifting the funding structure as well. Another member noted this might be especially difficult for counties not experiencing growth.

Recommendation supporting an in-depth performance audit focusing on Family and Children's Services within the Department of Health and Welfare.

16. Several members attended the Juvenile Justice Panel at the Health and Human Services Key Committee meeting on April 3. The same message was heard as at the earlier PSTNR Juvenile Justice Panel – that coordination needs to be improved between Health & Welfare and the other state and local organizations involved in the juvenile justice system.
17. It was reported that during the panel discussion, Health & Welfare Family Services described the problem of being boxed in by federal regulations. The HHS Committee discussed the possibility that now may be the time to push for variances from the federal government.
18. The HHS Committee felt that Health and Welfare is placing a number of internal reforms into effect that should improve coordination. They are considering letting those reforms take effect without further recommendation. Another issue was the cost of the Office of Performance Evaluations contracting out to do an audit. The performance audit of Medicaid cost \$600,000 to contract out. There was some discussion that a less extensive audit could be done for much less cost in-house if focused on conclusions for resolving major issues.
19. The Committee decided to proceed with drafting a recommendation supporting a performance audit focusing on Family and Children's Services.

Recommendation supporting the concept of using Referees/Hearing Officers to assist with judicial caseloads.

20. The Committee received information that a structure already exists within the judicial system for supporting workload fluctuations. The members voted not to pursue drafting a recommendation on this subject.

Draft Recommendation 13/B-C: Provide funding for a centralized state-of-the-art human and animal laboratory.

21. The recommendation was an outgrowth of presentations by the Department of Agriculture and the Idaho State Police.
22. A question was raised on whether the state should monopolize this process or turn it over to the private sector with appropriate checks and balances. The Idaho State Police outsource jobs to private labs if they can't handle them due to workload, but the private sector also has workload issues. Having jobs processed privately in time for legal proceedings sometimes results in exorbitant costs.
23. Additional comment was made that animal health problems such as bangs or brucellosis could flood the facilities that we have. Availability of funding is holding back plans for construction of a laboratory.
24. If a single agency was building the laboratory, then a proposal for construction could go before the Permanent Building Fund for consideration. This recommendation focuses multiple agency efforts under one umbrella.
25. The Committee voted to forward the recommendation to the full Task Force with an addition to the Obstacles section regarding the cost of constructing a facility.

Draft Recommendation 17/B: Implement the conclusions created by the 2003 Study (proposed study on mass transit) that would develop financing to assist the local funding and match available federal monies.

26. Committee members were unsure of the status of the Idaho Transportation Department study committees.
27. Discussion followed on the problem of obtaining funding for improving Highway 95 connecting northern and southern Idaho, that there should be some way to use federal dollars without affecting funding sources for local projects. GARVEE bonds were mentioned, but some felt Transportation Department is focusing their use on the Treasure Valley corridor.
28. A concern was raised about a State car wash being built in Coeur d'Alene for \$500,000. Comment was made that acid is being used on the highways and the facility was built to wash trucks to counter the affect of the acid.
29. A question was asked whether the Transportation Visioning Committee had started. Another committee member reported being involved in one of the meetings and thought several meetings had been held around the state.
30. Concern was expressed that the Highway Department will have a shortfall with the ton mileage situation. The fuel tax was increased in 1996 to take care of the problem and now it is back.
31. A suggestion was made to recommend a performance audit of the Idaho Transportation Department similar to the one proposed for Health & Welfare's Child and Family Services. The suggestion had mixed response and the Committee asked to have someone from the Idaho Transportation Department attend the afternoon session to field questions.

Draft Recommendation 18/B: Establish a task force to study methods of partially or totally replacing Idaho's fuel tax and annual registration fee, which is dedicated to maintenance and construction of Idaho's roads, with a replacement funding source.

32. The Committee decided to proceed with this recommendation, adding the word "Governor's" to read "Establish a Governor's task force..." A suggestion was made to ask David Hahn from the Division of Financial Management for help in drafting the recommendation.

PSTNR Recommendation #16: That the Idaho Legislature enact legislation authorizing the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicles "GARVEE" bonds for the financing of particular transportation projects, payable from federal highway funds and/or fuel tax revenues or other revenues.

33. The Committee had previously decided not to support this recommendation until they heard more from the Idaho Department of Transportation regarding language concerning voter approval. The Committee reaffirmed that approach.

Recommendation supporting passage of the Idaho Invasive Species Act currently in legislation.

34. Drafting the recommendation had been put on hold pending legislative action this session. The legislation was held in committee. The Committee voted to move forward with drafting the recommendation. A suggestion was made to contact the Department of Agriculture for assistance in completing the draft.

Recommendation 8/B: Study the communications/technology capabilities of the Military Division and Idaho State Police.

35. Consideration of the recommendation was delayed for the presentation from Jim Larsen.

Traffic Management Presentation

36. Jim Larsen, Congestion Management Supervisor with the Ada County Highway District, presented information on Intelligent Transportation Systems and the Traffic Management Center. Among the topics covered were: site visits in development of an intelligent transportation system, projects being considered over the next 20 years, the Treasure Valley regional system architecture, coordination with the Idaho Transportation Department, arterial street and freeway functions, traffic signal monitoring, operational partners, existing and proposed camera locations, wireless freeway communications, incident management, and future plans for intelligent transportation systems.
37. Growth in the Treasure Valley has fueled plans to replace the current Traffic Management Center with a new regional center in Meridian. Potential partners in the center include the Idaho State Police and local broadcasters. Broadcasters are involved to quickly report traffic problems to the public as they develop on the roadways.
38. The Highway District is also connecting fiber optics to the Ada County Sheriff's dispatch and Idaho State Police/Idaho State communications centers.
39. ACHD is interested in having similar facilities established in smaller cities and tied together statewide.
40. A contingent of transportation officials toured the traffic management center in Salt Lake City, Utah. A description of the tour was provided to the Committee.
41. Question: There appear to be 52 projects being considered long-term. How much of the funding is federal? Answer: 85-90% is through federal dollars, mainly funds earmarked for Homeland Security and Intelligent Transportation Systems.
42. Question: Does the system monitor air quality as well as traffic? Answer: Not presently. They hope to tie in with Department of Environmental Quality sites at some point.

Review of Boards, Commissions, and Councils

43. Initial discussion revolved around the need to have state-appointed boards, commissions, and councils - whether some of these organizations should be under the government umbrella or exist as private entities. Comment was made that it's a question of how the group is funded. If funded by statute, then they are extensions of government. Several categories were described: those created through the Constitution such as the Land Board; those functioning as regulatory boards for a specific purpose such as the Brand Board; commissions such as the Barley Commission, Wheat Commission, etc.; and a final category of advisory committees.
44. A question was raised why some commodity commissions are part of government since other commodity groups exist that function outside of government. A response

was if growers are not assessed by law, money would not be available to fund the group's activities.

45. The Committee reviewed the list of boards, commissions, and councils. The status of the following organizations was difficult to ascertain and the Committee requested additional information be gathered for future review: Carbon Sequestration Advisory Committee, Idaho Food Quality Assurance Institute, State Seed Advisory Board, State Soil Conservation Commission, Board of Stumpage Commissioners, Small Business Environmental Compliance Advisory Panel, Western States Water Council, Keep Idaho Green Committee, Boise River Improvements Commission.
46. The Committee felt the following organizations were candidates for repeal: CDA River & Lake Commission, Clean Lakes Coordinating Council, CDA River Basin Commission, Human and Animal Health Consortium, Water Conservation Task Force.
47. Committee members who also serve on the Basin Environmental Improvement Project Commission provided information to add to the description of the organization: add a federal representative, a Coeur d'Alene tribe representative, and a State of Washington representative. Those members also felt that until the State of Washington contributes funding, Washington should not have a representative sitting on the commission.

Department of Transportation

48. Jim Ross, Acting Director of the Department of Transportation, attended the afternoon session to provide information on questions from the morning session: how projects are selected and money is allocated, the Port of Entry at Horseshoe Bend, the truck wash facility in Coeur d'Alene, and general philosophy and policy.
49. Jim Ross outlined four primary goal areas: 1) Operation, the maintenance side such as keeping striping on roads and potholes filled, 2) Preservation, such as seal coats and thin overlays, 3) Rehabilitation – dealing with existing road fatigue, trying to restore it back to a new condition, 4) Improvement - adding capacity, adding width, intersection improvements, etc.
50. Fifty per cent of the budget is from federal aid, normally through a 6-year authorization bill. Idaho is a “donee” state getting back about \$1.67 for every \$1 paid into the fund. Donor state are pushing for a change in the allocation formula so they get around 95% of what they put into the fund. A variety of categories exist and flexibility on how to use the funds varies between the categories. All are matching funds.
51. Prioritizing projects starts with identifying a need or whether some kind of change will be taking place. These come in through the districts, the public, or industry. The road system is inventoried to identify what shape it is in, and safety studies and corridor studies are performed. The NEPA process ensures public involvement and environmental analysis. Through these activities a prioritized list is developed. The Department has to go through some of these steps to use federal funds.
52. Sometimes, a serious need cannot be met through available funding. For example, costs for maintaining the interstate through the Boise area are projected at \$700 million to \$1 billion. In these cases, alternatives need to be explored such as design-build and bonding.

53. Question: Is there some method for dividing funds for capital improvements between districts? Answer: The Department doesn't plan to put all funds in one district to achieve a particular project or projects. They are pushing more toward an interest-area approach. The objective is to get in, get the job done quickly, and stay out as long as possible. The projects selected are based on need or changes that are coming. The condition of the roadway determines the priority.
54. Question: Is the priority reviewed yearly? Answer: Yes.
55. Question: What if something unexpected occurs? Answer: Then other projects have to be reprioritized. State dollars generally go to rehabilitation and preservation projects.
56. Question: Can federal funds be used for anything? Answer: It depends on the funding category. Some are more flexible than others.
57. A concern was raised about the need to work with counties. Suggestions on truck and tire purchases were mentioned. Highway 3 and Highway 95 were described as greatly needing improvement. Jim Ross offered to meet separately with individuals for ideas on equipment purchase and road needs in the areas represented.
58. Question: Would it help for counties to obtain right-of-ways in coordination with the state? Answer: Yes, but it would have to be done in a way meeting federal guidelines.
59. A discussion was held on the use of lowest bid, best qualified bid, and whether bidding laws are adequate. An agency can put specifications together for what they need and stipulate that the bidder have experience in similar projects. However, the State must ensure that the winning contractor is not pre-chosen.
60. A suggestion was made to explore memorandums of understanding with local units. The Idaho Transportation Department has been able to establish MOU's with local units in some cases, many benefiting ITD. An example of snowplowing on state and federal roads was used. State equipment is used for maintenance, not construction. ITD contracts out for construction.
61. Jim Ross will research the Port of Entry at Horseshoe Bend, allocations to districts, and what the Department proposes to do with GARVEE bonds, and get back to the Committee with that information.

Review of Boards, Commissions, and Councils - Continued

62. The use of statewide boards was discussed. Discussion centered around the issue of elected officials being more responsive to constituents than appointed officials since they must sit for re-election. The Committee voted to recommend that the Parks and Recreation Board and the Idaho Transportation Board be elected rather than appointed.

Alcohol Abuse Survey

63. A status report was given on followup efforts regarding the alcohol abuse survey that Senator Bunderson distributed last fall. The mailing lists used for Senator Bunderson's survey are no longer available. Administrative staff members have been searching for the source of the mailing lists. A followup letter to organizations that did not respond to Senator Bunderson's original letter will be mailed as soon as a new distribution list has been developed.

Public Safety Communications

- 64. Committee members thought the State should continue to look for ways to tie together state and local emergency entities, but did not necessarily feel pulling together a panel was needed. The Committee reviewed Draft Recommendation 8/B: Increase the communications/technology capabilities of the Military Division and Idaho State Police.
- 65. Concern was raised at focusing entirely on the trunk system described in the recommendation. An approach that more fully brings in county and city needs was deemed preferable to the emphasis on a trunk system at the state level. Fire safety should also be included. Members noted that the quality of communications between organizations varies in different parts of the state.

Future Discussion Items

- 66. A question was raised whether the natural resource and corrections areas have been fully explored for long-term recommendations. A suggestion was made that the Committee apprise the Government Organization and Structure Key Committee of the review of boards, commissions, and councils undertaken today.
- 67. Discussion turned to the need for identifying a funding source (such as the beer and wine tax) for substance abuse treatment options. Also, that without additional funding Idaho State Police alcohol beverage control efforts will be hampered in monitoring facilities such as bars and controlling underage drinking.
- 68. A suggestion was made that perhaps bars could be assessed a fee to help fund alcohol beverage control. Question: Why aren't counties handling the problem? Answer: Since the Idaho State Police are charged with doing this, the counties choose to use the funding for other activities.
- 69. A suggestion was made to have someone from the transportation area talk to the Committee about distribution of funds in regard to ton/mile versus registration.

Assignments:

- 70. Recommendation to support modification of Section 33-207 to make parents accountable for school attendance for children over the age of seven - Darci Yarrington will try to have a draft available by the end of May.
- 71. Recommendation supporting efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion – Darci Yarrington will try to have a draft available by the end of May.
- 72. Recommendation supporting an in-depth performance audit focusing on Family and Children's Services within the Department of Health and Welfare – Darci Yarrington will work on developing a draft.
- 73. Recommendation 18/B: Establish a task force to study methods of partially or totally replacing Idaho's fuel tax and annual registration fee, which is dedicated to maintenance and construction of Idaho's roads, with a replacement funding source – Administrative Staff will add "Governor's" to the text to read "Establish a Governor's task force..." and request assistance from David Hahn at DFM in drafting the recommendation.

74. Recommendation supporting passage of the Idaho Invasive Species Act – Administrative Staff will contact Glen Secrist at the Department of Agriculture for assistance in drafting the recommendation.
75. Additional information on selected boards, commissions, and councils – Administrative Staff
76. Additional information on the Port of Entry at Horseshoe Bend, project selection and allocations to districts, and what the Idaho Transportation Department proposes to do with GARVEE bonds – Jim Ross.
77. Distribution of transportation funds in regard to ton/mile versus registration – Jack Buell will coordinate with Gordon Graff on a possible presenter.
78. Apprise the Government Organization and Structure Key Committee of today's review of boards, commissions, and councils – Randy Tilley will talk to General Manning.
79. Inquire on the progress of other key committees toward long-term recommendations and whether the June 24 Task Force date can be used for committee meetings – Administrative Staff

Next Meeting:

Committee members wondered whether other key committees would have long-term recommendations completed for the June 24 Task Force meeting. If not, then perhaps the June 24 date could be used for committee meetings. A suggestion was made to contact the other key committees or the Steering Committee for feedback on that option.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

June 11, 2003
Idaho Department of Labor
Director's Conference Room

AGENDA

9:00	Juvenile Justice Recommendations
	Transportation Recommendations
10:00	Human/Animal Laboratory Recommendation Update from Department of Agriculture
	Invasive Species Recommendation
10:30	Break
10:45	Additional Information on Boards, Commissions, and Councils
	Beer/Wine Recommendation
	Public Safety Communications Recommendation
12:00	Adjourn

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



Idaho 2020 Blue Ribbon Task Force

Public Safety, Transportation, and Natural Resources Key Committee Meeting Summary

Meeting Date – June 11, 2003

Meeting Location – Department of Labor Field Services Conference Room – Boise, ID

Attendance:

Committee Members: Guy Hurlbutt, Nancy Merrill, Darci Yarrington. (Through conference call – Dave Bivens, Jack Buell.)

Support Staff: Gordon Graff, David Hahn, Pam Stewart, Randy Tilley, Judy Welker.

Others Attending: Department of Transportation – Jim Ross, Idaho State Police – Stan Passey. Governor's Office – Megan Reinschmidt, Peter Stegner.

Decisions/Recommendations:

1. The Committee will hold development of Recommendation 28 to “support modification of Section 33-207, Idaho Code, to make parents accountable for school attendance for children over the age of seven” until a draft is available of an Education Key Committee recommendation on home schooling.
2. The Committee decided to forward Recommendation 27 to “support efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion” to the Task Force. Final review by juvenile justice stakeholders should be done in time to meet the June 19 submission date.
3. The Committee decided to forward Recommendation 26 supporting “an in-depth performance audit for the Department of Health and Welfare Division of Children and Family Services” to the Task Force for consideration.
4. The Committee decided to forward Recommendation 18/B to “establish a Governor’s task force to study alternatives to Idaho’s fuel tax and annual registration fee structure” to the Task Force for consideration.
5. The Committee will discontinue drafting Recommendation 17/B to “implement the conclusions created by the 2003 Study (proposed study on mass transit) that would develop financing to assist the local funding and match available federal monies” since that process is already in place.
6. The Committee decided to continue discussion of a recommendation that “the Idaho Legislature enact legislation authorizing the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicles “GARVEE” bonds for the financing of particular transportation projects...” to the June 24 meeting.

7. The Committee decided to forward Recommendation 13/B-C to “provide funding for a centralized state-of-the-art human and animal laboratory” to the Task Force for consideration.
8. The Committee will review Recommendation 29 to “support passage of an Idaho Invasive Species Act” when the draft is complete.
9. The Committee will move forward in drafting a recommendation to discontinue or to consolidate with a sponsoring agency the Board of Stumpage Commissioners, the Keep Idaho Green Committee, and the Boise River Improvements Commission.
10. The Committee decided not to pursue a recommendation that the Parks and Recreation Board be elected rather than appointed. Discussion of a recommendation that the Transportation Board be elected rather than appointed will continue at the June 24 meeting.
11. The Committee will continue discussion of a beer and wine tax recommendation on June 24 when information from presentations at the Idaho Association of Cities Conference is available.
12. The Committee decided to move forward with revision of Recommendation 8 regarding public safety communications/technology capabilities and make changes to better describe interoperability issues.

Discussion Items:

Welcome

13. Nancy Merrill welcomed the committee members and visitors. A brief break was held as the meeting moved to the Field Services Conference Room to better accommodate the number of visitors.

Juvenile Justice Recommendations

Draft Recommendation 28: Support modification of Section 33-207, Idaho Code, to make parents accountable for school attendance for children over the age of seven.

14. A draft had been circulated with proposed changes making it a ‘misdemeanor’ for parents or guardians to knowingly allow a child to become habitually truant. This raises issues of whether the focus should be on the education section of code, the criminal section, or the Youth Rehabilitation Act. Also, at what level it should appear – a misdemeanor, or a fine or penalty.
15. The Education Key Committee is developing a recommendation dealing with home schooling. Since that area was of major concern, the Committee decided to hold Recommendation 28 until the home schooling recommendation is available for review.

Draft Recommendation 27: Support efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion.

16. The final text of the recommendation is being reviewed by stakeholders in the juvenile justice system. The review is expected to be complete by the June 19 date set for submission of recommendations. The Committee decided to forward the recommendation to the Task Force pending the final review.

Draft Recommendation 26: An in-depth performance audit for the Department of Health and Welfare Division of Children and Family Services.

17. Discussion was held on the need to address issues of coordination in the juvenile justice system and how to do that in a positive manner. Revisions to the draft were approved and the recommendation will be forwarded to the Task Force for consideration.

Transportation Recommendations

Draft Recommendation 18/B: Establish a Governor's task force to study alternatives to Idaho's fuel tax and annual registration fee structure...

18. With a minor revision, the Committee decided to forward the recommendation to the Task Force for consideration.

Draft Recommendation 17/B: Implement the conclusions created by the 2003 Study (proposed study on mass transit) that would develop financing to assist the local funding and match available federal monies.

19. Information was presented that a task force has already begun efforts to accomplish the goals of the mass transit study. The committee decided to stop work on the recommendation.

PSTNR Recommendation #16: That the Idaho Legislature enact legislation authorizing the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicles "GARVEE" bonds for the financing of particular transportation projects, payable from federal highway funds and/or fuel tax revenues or other revenues.

20. The Committee discussed the supporting material that had been distributed since the last meeting. A clarification was made that the routes outlined in the supporting material all lie within Idaho. For example, the bulleted item below:
- US-95 Oregon to Canada
- refers to that portion of US-95 within Idaho from Oregon to the Canadian border.
21. Question: What is the risk of federal money not being available to pay the bonds?
Answer: The risk is low. The Highway Act covers a six-year period and is generally a guarantee. It is highly unlikely the funding would be cut in a reauthorization.
22. Question: Is the donor/donee issue a concern? Answer: If donor states are successful in having the funding stream changed to a 95% return rather than a 90% return, then donee states such as Idaho would probably be held harmless in the transition.
23. Question: How would costs be covered if the federal dollars did not materialize?
Answer: They would have to be covered with state funds. Projects funded with state money would have to be reprioritized.
24. Question: Then it's not a situation of going to the taxpayers to cover the funding?
Answer: No, the Transportation Department would cover it with state funds taken from other projects.
25. The effect of bonding is to make it possible to handle huge dollar cost projects more quickly – to get in, get it done, and get out. The current process strings projects out for many years. For example, budgeting \$20 million for the Ada-Canyon County

Interstate corridor for the next 20 years versus raising \$400 million through bonding to handle the renovation as a single project.

26. Questions were raised concerning voter approval. A suggestion was made to continue the discussion when additional committee members are available on June 24.

Human/Animal Laboratory Recommendation

Draft Recommendation 13/B-C: Provide funding for a centralized state-of-the-art human and animal laboratory.

27. The Committee briefly discussed the recommendation and decided to forward it to the Task Force for consideration.

Invasive Species Recommendation

Draft Recommendation 29: Support passage of the Idaho Invasive Species Act.

28. Disappointment was expressed that the Invasive Species Act was not passed in the last legislative session. Members described the need for education efforts and that confusion with the Endangered Species Act may have derailed passage of the Invasive Species Act.
29. Progress on drafting the recommendation was reported. A final copy should be available for distribution on Monday, June 16.

Review of Boards, Commissions, and Councils

30. The Committee reviewed additional information on organizations identified at the prior meeting as possible candidates for discontinuation or consolidation. The Committee will move forward in drafting a recommendation to discontinue or to consolidate with a sponsoring agency the Board of Stumpage Commissioners, the Keep Idaho Green Committee, and the Boise River Improvements Commission.
31. Discussion centered on a proposal that the Parks & Recreation Board and the Transportation Board be elected rather than appointed. The Committee decided not to pursue a recommendation that the Parks & Recreation Board be elected.
32. The suggestion of electing Transportation Board members arose from reports of frustration at the city and county levels in settling problems when jurisdictions overlap. Opinions from the public were expressed that board members are insulated from the public, so are not held accountable. Elections were seen as a way to instill more accountability.
33. Several years ago the Board was expanded from three to six members in response to concerns similar to those currently being heard. The goal was to have a statewide board looking at statewide issues. A concern was raised that board members continue to look at statewide issues rather than focusing too narrowly on bringing funding and projects to their own region.
34. District engineers were mentioned as being a key part of the system. The public goes to the district engineers with problems. The engineers then take the issues to the Board.
35. A suggestion was made to identify the roles of cities and counties, and their interactions with DOT. DOT builds roads to handle capacity at a projected rate, but

over time usage outstrips the capacity. Cities and counties are drawn into conflicts with DOT because of roads that no longer function well.

36. It was pointed out that 50% of the transportation budget is federal funding with strings attached. Not many options exist to change federal standards on national highways or interstate systems.
37. A suggestion was made that the only way to stop the grouching is to listen until people are done talking. A way is needed to ensure that the public is talking directly to DOT as well as through elected officials.
38. The Committee decided to continue discussion at the June 24 meeting. Additional information may be collected at the Association of Idaho Cities Conference being held the week before.

Beer/Wine Recommendation

39. The follow-up letter on the alcohol abuse survey has resulted in additional responses. The Committee reviewed the updated survey compilation and noted that the availability of cost figures associated with alcohol abuse will help with attempts to find funding sources for treatment programs.
40. The Liquor Dispensary and the Idaho State Police will be making a presentation at the Association of Idaho Cities Conference on raising funds through increased beer and wine license fees. Committee discussion on a beer/wine recommendation will continue at the June 24 meeting after that information is available.

Public Safety Communications Recommendation

Recommendation 8/B: Study the communications/technology capabilities of the Military Division and Idaho State Police.

41. Stan Passey, Manager of the Statewide Communication Center for the Idaho State Police, provided information on a number of activities involving FCC regulation and Homeland Security. Interoperability concerns have been raised due to variability in the systems currently being used within the state. Homeland Security money will become available for increasing interoperability. Another concern is FCC mandates that become effective in 2008 regarding the use of wideband frequencies.
42. The Committee requested assistance in revising the recommendation to better include organizations on the local level. The Committee is also concerned that the state have a plan in place to use additional Homeland Security funding when it becomes available.

Assignments:

43. Recommendation 28 to “support modification of Section 33-207, Idaho Code, to make parents accountable for school attendance for children over the age of seven” - Darci Yarrington will hold until a draft is available of the Education Key Committee recommendation on home schooling.
44. Recommendation 27 to “support efforts to consolidate and clarify juvenile offenses, cite youth into court for misdemeanors, and handle felonies at prosecutor discretion” – Administrative Staff will forward the recommendation to the Task Force after final review by juvenile justice stakeholders. The draft may be available on June 19.

45. Recommendation 26 supporting “an in-depth performance audit for the Department of Health and Welfare Division of Children and Family Services” - Administrative Staff will forward the recommendation to the Task Force.
46. Recommendation 18/B to “establish a Governor’s task force to study alternatives to Idaho’s fuel tax and annual registration fee structure” - Administrative Staff will forward the recommendation to the Task Force.
47. Recommendation 16 that “the Idaho Legislature enact legislation authorizing the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicles “GARVEE” bonds for the financing of particular transportation projects...” – Administrative Staff will email a copy of the recommendation to the Committee members before the June 24 meeting.
48. Recommendation 13/B-C to “provide funding for a centralized state-of-the-art human and animal laboratory” - Administrative Staff will forward the recommendation to the Task Force.
49. Recommendation 29 to “support passage of an Idaho Invasive Species Act” - Administrative Staff will email the final draft to the Committee members. The draft may be available on June 16.
50. Recommendation to discontinue or to consolidate with a sponsoring agency the Board of Stumpage Commissioners, the Keep Idaho Green Committee, and the Boise River Improvements Commission - Administrative Staff will develop a draft and email it to the Committee members.
51. Recommendation 8 regarding public safety communications/technology capabilities – Stan Passey. Administrative Staff will forward the revised draft to the Committee members when it is available.

Next Meeting:

June 24 at 8:30 a.m. in the J.R. Williams Building in Boise.



Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Caldesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

***Public Safety, Transportation and
Natural Resources Committee***

June 24, 2003
Joe R. Williams Building
Dept. of Finance Conference Room – 2nd Floor

AGENDA

- | | |
|-------|--|
| 8:30 | Review of Recommendations sent to the Task Force |
| 8:45 | Completion of Pending Recommendations: <ul style="list-style-type: none"> • Public Safety Communications Recommendation • Juvenile Justice Recommendations • Transportation Recommendations • Beer/Wine Recommendation |
| 10:45 | Adjourn

Administrative Staff complete formatting recommendations for the afternoon meeting |

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



IDAHO

Focus on the Future

www.idaho2020taskforce.us

Governor
DIRK KEMPTHORNE

Co-Chairs
CHUCK WINDER
J. D. WILLIAMS

MEMBERS

Velma Bahe, Bonners Ferry
Dave Bivens, Meridian
Art Brown, Coeur d'Alene
Kelly Buckland, Boise
Jack Buell, St. Maries
Sam Byrd, Boise
Steve Casey, Coeur d'Alene
Archie Clemens, Boise
Larry Cope, Buhl
Kara Craig, Boise
Yvonne Ferrell, Boise
Millie Flandro, Pocatello
Bill Flory, Culdesac
Duane Grant, Rupert
Doug Gross, Wilder
Dr. Rich Hagood, Nampa
Debbie Hall, Twin Falls
Steve Hanks, Boise
Guy Hurlbutt, Boise
Larry Jeffries, Boise
John Kee, Twin Falls
Chris King, Pocatello
Sherry Krulitz, Wallace
Nancy Larsen, Coeur d'Alene
Darrell Manning, Boise
Jim McClure, Boise/McCall
Nancy Merrill, Eagle
Don Mitchell, Boise
Mike Mooney, Boise
Annette Murray, Boise
Randy Nelson, Boise
Tom Nicholson, Boise
Randy Olaveson, Pocatello
Skip Oppenheimer, Boise
Con Paulos, Jerome
Mark Ricks, Rexburg
Jack Riggs, Coeur d'Alene
John Roberts, Boise
Jim Shackelford, Boise
Louise Shadduck, Coeur d'Alene
Dr. Billy Shipp, Idaho Falls
Ray Smelek, Boise
John Tippetts, Soda Springs
Nancy Vazquez, Boise
Judy Woodie, Emmett
Darci Yarrington, Boise

Final Report

Section 15

Action Summary

317 West Main Street
Boise, Idaho 83735
208-332-3570, Ext. 3209
208-334-6455 (fax)



DIRK KEMPTHORNE
GOVERNOR

June 24, 2003

Dear 2020 Blue Ribbon Task Force Members:

I would like to thank you again for your dedicated service to the citizens of the State of Idaho. I have followed your efforts and know that you have worked diligently during the past several months, carefully examining the intermediate and long-term issues our state will face in the coming years.

Attached is an updated summary of the action I have taken on the preliminary recommendations that you have presented to me thus far. Of the 48 recommendations that were submitted to me, I have now accepted or modified 28. The remaining recommendations are under continued review and consideration, as several of them are budget-driven and may only be feasible once our state's economic situation improves.

On that note, I am pleased to report to you that sound fiscal management, decisive actions and tough decisions have allowed Idaho to maintain its top credit rating from Wall Street. Earlier this month, I traveled with State Treasurer Ron Crane and his team to meet with three bond ratings agencies in New York.

Although we have had to make some very tough decisions during these difficult economic times, these agencies have affirmed that Idaho intends to move forward. Maintaining the top bond rating will save the state, local governments and school districts millions of dollars in interest payments on tax anticipation notes and bonds over the life of that financing.

This is a win for Idaho. And your work and involvement in this Task Force will allow us to realize continued success.

Once again, I appreciate the time and energy you have committed to this effort, and I look forward to reviewing your future recommendations.

Sincerely,

A handwritten signature in black ink, reading "Dirk Kempthorne". The signature is fluid and cursive, with a long horizontal stroke at the end.

DIRK KEMPTHORNE
Governor

Updated Response to the 2020 Blue Ribbon Task Force Preliminary Recommendations June 24, 2003

REVENUE AND ECONOMIC DEVELOPMENT

REV RECOMMENDATION #1

Implement an estimated tax payment system for the State of Idaho Individual Income Tax.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

In the Governor's State of the Budget address, he stated that he would not support the use of one-time money to solve the state's budget shortfall. In addition, this measure failed to reach the Governor's desk during the 2003 Legislative Session.

REV RECOMMENDATION #2

Increase the number of tax personnel at the Idaho State Tax Commission primarily to focus on non-filer and compliance recovery.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Governor Kempthorne ultimately signed Senate Bill 1201, the FY04 appropriations bill for the Idaho State Tax Commission. This budget restored eight revenue-generating positions by shifting their funding to Multistate Tax Compact funds. It also restored two revenue-generating positions through annualizing the savings from other deleted positions. It restored an additional five revenue-generating positions by adding back \$206,100 in General Fund support.

One enhancement in this budget provided \$720,200 to hire 10 additional tax collection employees.

REV RECOMMENDATION #3

Modify the Investment Tax Credit to make it transferable to other taxpayers from the taxpayer earning the original credit. This transfer provision would only be applicable to credits earned for qualifying Idaho investment made on or after the date of enactment and would be limited to just one exchange.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

This recommendation was not pursued during the 2003 Legislative Session; however, it may be considered during future discussions.

REV RECOMMENDATION #4

Increase cigarette tax by 20 cents per pack and direct increased revenues to the State's General Fund.

ACTION:

Accepted ____ **Modified** ☒ **Other** ____

Governor Kempthorne recommended a 34-cent per pack increase to the cigarette tax in his 2003 State of the State and Budget addresses.

After significant debate in the Idaho State Legislature, the Governor signed House Bill 264, which increased the cigarette tax by \$.29 to a rate of \$.57 per pack of 20 for the period June 1, 2003, through June 30, 2005.

REV RECOMMENDATION #5

Support the effort of the Streamlined Sales Tax Project to collect tax on remote sales by simplifying and modernizing sales/use tax administration.

ACTION:

Accepted ____ **Modified** ____ **Other** ☒

To date, there has not been any legislative or executive action that would make Idaho a participating state in the Streamlined Sales Tax Project. Work and discussions continue on a national basis with input from Idaho.

REV RECOMMENDATION #6

Implement an Accounts Receivable Offset program for those businesses or individuals providing services to the state of Idaho that have established tax liabilities to the state. This could also be extended to things like lottery proceeds.

ACTION:

Accepted ____ **Modified** ____ **Other** ☒

This was not pursued during the 2003 Legislative Session.

REV SUPPLEMENTAL RECOMMENDATION #7

Increase sales tax rate by 1%, effective June 1, 2003, and sunset this increase 3 years from the date of enactment.

ACTION:

Accepted ____ **Modified** ☒ **Other** ____

In his State of the State and Budget addresses, Governor Kempthorne recommended a 1.5% increase to the state sales tax that would sunset after three years.

After significant debate in the Idaho State Legislature, the Governor signed House Bill 400. This legislation increased the sales tax by 1% -- from 5% to 6% -- for the period May 1, 2003, through June 30, 2005.

GOVERNMENT ORGANIZATION AND STRUCTURE

GOS RECOMMENDATION #1

Use biennial budgets and appropriations, or make every other year a “maintenance of current operation” budget.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

This was not pursued during the 2003 Legislative Session.

GOS RECOMMENDATION #2

Reorganize the Professional Technical Education (DPTE), and the Office of the State Board of Education (OSBE) into one administrative unit with separate budgetary divisions reporting to the Executive Director of OSBE.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

The State Board of Education is currently moving forward in this direction – they have worked with JFAC to provide budgets reflecting this change.

GOS RECOMMENDATION #3

Agencies should make all their publications available on the Internet. When that is not possible (due to the cost, format, volume, or nature of the publications) agencies should provide Internet-based methods of requesting or ordering publications. Whenever possible, the legislature should fund, and agencies should provide, convenient citizen access to government information and services using strategically placed kiosks, Internet-based applications, and public-use computers in state offices.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its potential for increased efficiencies.

GOS RECOMMENDATION #4

All required business and strategic plans must be flexible in their format and useful to the agency preparing them. Establish a clearinghouse for sharing agency best practices. Furthermore, agencies should extend their review of best practices to those of their counterparts in other states. Establish an official method of piloting new ideas to effect change in state government.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its potential for increased efficiencies.

GOS RECOMMENDATION #5

Provide incentives for agencies to save money and defer spending until necessary.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Governor Kempthorne signed Senate Bill 1130 into law on March 27, 2003. This legislation amended existing law to provide for the granting of bonuses to employees for suggestions or recommendations that result in cost savings or greater efficiencies.

GOS RECOMMENDATION #6

Consider consolidating the smaller, independent agriculture-related entities (primarily the small commodity commissions) in State Government possibly consolidating them or incorporating them into the Department of Agriculture.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue review this recommendation and its long-term implications.

GOS RECOMMENDATION #7

Change the statutes limiting employee bonuses.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

Senate Bill 1117 failed in the Senate State Affairs committee during the 57th Idaho State Legislature. This legislation would have changed the way in which bonuses are awarded to state employees such that a greater number of qualifying employees could be awarded bonuses within current agency budgets.

Should the Legislature support related legislation in the future, the Governor will consider its possible merits.

GOS RECOMMENDATION #8

Use incentive pay methods employed by private industry when applicable.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its possible merits.

GOS RECOMMENDATION #9

The state should improve and expand its management planning.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its possible merits.

GOS SUPPLEMENTAL RECOMMENDATION #10

Eliminate the individual governing boards of agencies operating under the review of the State Board of Education, or move the oversight of those agencies and their boards to a more appropriate location.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its possible merits.

GOS SUPPLEMENTAL RECOMMENDATION #11

Either repeal the Idaho Agricultural Labor Act or rewrite it, tailoring it to current conditions and needs.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Governor Kempthorne asked the Idaho Department of Labor to introduce legislation repealing the Idaho Agricultural Labor Act. House Bill 157 passed both the House and Senate, and was signed by the Governor into law on March 20, 2003.

HEALTH AND HUMAN SERVICES

HHS RECOMMENDATION: # 1

That the Department of Health & Welfare's (DHW) continue implementation of its "strategic work plan" to consolidate like functions, standardize business systems, and realign resources. This work plan includes the following goals:

- A. Improve health status;
- B. Strengthen individuals, families, and communities;
- C. Integrate health and human services;
- D. Apply learning organization skills; and,
- E. Align structures, people, and technology.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

This is part of the Department of Health & Welfare's strategic plan – the Governor has and will continue to support the implementation of the "strategic work plan."

HHS RECOMMENDATION: # 2

That DHW continue implementation and further development of integrated data processing systems.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

This is part of the Department of Health & Welfare's strategic plan – the Governor has and will continue to support this recommendation.

HHS RECOMMENDATION: # 3

That DHW establish the value of outstanding cost report settlements (the amounts overpaid to hospitals) due from acute care hospitals, collect overpayments, and ensure correct interim reimbursement rates are put into effect.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

The Governor supports this recommendation and will work with the Department of Health and Welfare on possibilities for implementation in the future.

HHS RECOMMENDATION: # 4

That DHW, with input from stakeholders, evaluate the appropriateness of affiliation fees paid to residential habilitation agencies serving certified family homes that deliver services to persons with developmental disabilities. The Committee further recommends that another quality assurance approach be implemented if DHW determines that the provision of contracted services by these agencies is not the most effective mechanism for assuring quality in the delivery of services to developmentally disabled individuals in certified family homes.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

This recommendation will be part of the Governor's Medicaid reform package.

HHS RECOMMENDATION: # 5

That minors (youth under the age of 18) be required to wear safety restraints in private moving vehicles.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

The Governor signed House Bill 303 on March 31, 2003. This legislation amends Idaho's existing safety restraint statute in four ways.

- 1) It provides that any occupant of a motor vehicle 18 years of age or older who fails to wear a safety restraint may be issued a citation. Second,
- 2) It provides that the operator of a motor vehicle who is 18 years of age or older and has occupants in the motor vehicle who are under 18 years of age, may be issued a citation (however, only a single citation may be issued in this case, regardless of the number of occupants not wearing restraints).
- 3) It provides that a single citation may be issued to the operator of a motor vehicle if the operator is under 18 years of age and the operator or any other occupant who is also under 18 years of age is not wearing a safety restraint.
- 4) It increases Idaho's five dollar (\$5.00) fine for violating the safety restraint law to ten dollars (\$10.00). It further provides that the added five dollars (\$5.00) is deposited in the state's catastrophic health care fund.

HHS RECOMMENDATION: # 6

That Public Health Districts be required to place a higher priority on the provision of immunizations to children.

ACTION:

Accepted ☒ **Modified**___ **Other**___

The Governor established the Immunization Reminder Information System (IRIS) program to connect Idaho's seven Public Health Districts and continue to improve our immunization rates. The importance of the IRIS program needs to be re-emphasized with the Public Health Districts and efforts will be made to implement this recommendation.

HHS RECOMMENDATION: # 7

That DHW ensure that systems are in place that allow the State to enroll the maximum number of eligible Medicaid beneficiaries and Primary Care Providers in the Healthy Connections program, bringing participation as close to 100% as possible.

ACTION:

Accepted ☒ **Modified**___ **Other**___

This recommendation will be part of the Governor's reform package.

HHS RECOMMENDATION: # 8

That DHW create an improved management fee incentive system to attract additional Primary Care Providers into the Healthy Connections program.

ACTION:

Accepted ☒ **Modified**___ **Other**___

This recommendation has a long-term application, and budget constraints impede immediate implementation. As the Governor continues to look toward the future goals of this and other programs, HHS #8 will be considered as a viable option.

HHS RECOMMENDATION: # 9

That DHW implement a Medicaid Buy-In Program, in which Medicaid-eligible individuals with disabilities could continue to receive Medicaid benefits and would share in the cost of those benefits after obtaining employment.

ACTION:

Accepted ☒ **Modified**___ **Other**___

This recommendation has a long-term application, and budget constraints impede immediate implementation. As the Governor continues to look toward the future goals of this and other programs, HHS #9 will be considered as a viable option.

HHS RECOMMENDATION: # 10

That any expansion of the Children's Health Insurance Program (CHIP) include the CHIP Access Card concept as an option for recipients. This new concept would increase access to children's health care through cost-sharing among parents, their employers, and the State for families with incomes between 150% and 200% of poverty.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

This recommendation has a long-term application, and proposed legislation is complex and will need to be refined. In addition, budget constraints impede immediate implementation. As the Governor continues to look toward the future goals of this and other programs, HHS #10 will be considered as a viable option.

HHS RECOMMENDATION: # 11

That the Task Force:

- A. Endorse statewide implementation (except as noted below) of the DHW utilization management business plan for people with developmental disabilities and mental illness, separating customer assessment and service planning from direct service delivery through the use of independent assessment providers, and
- B. Endorse a pilot project based on the concept of self-determination. This project would include a modification of Idaho's Medicaid program to allow a specified number of individuals to utilize services under a participant-driven approach centered around the following essential elements:
 - 1. Individualized budget
 - 2. Personal broker
 - 3. Fiscal intermediary
 - 4. Freedom of choice of traditional and non-traditional providers

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Funding for the utilization management business plan was included in the Governor's proposed Fiscal Year 2004 budget.

HHS RECOMMENDATION: # 12

The Committee recommends that the Task Force endorse the DHW work plan on pharmacy management, including a Preferred Drug List and expanded Drug Utilization Review Board, with the provision that consumer input is considered in the implementation of the work plan.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Funding for the Preferred Drug List was included in the Governor's proposed Fiscal Year 2004 budget.

EDUCATION

ED RECOMMENDATION #1

That the 2020 Blue Ribbon Task Force endorse the public statements of Governor Kempthorne that K-12 public schools and Idaho's colleges and universities be exempt from further cuts in any attempt to balance the FY 2003 and/or FY 2004 State General Fund budgets.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Throughout the 2003 Legislative Session, the Governor supported K-12 public schools and Idaho's public colleges and universities, which was ultimately reflected in their FY03 and FY04 budget appropriations.

ED RECOMMENDATION #2

That the Governor's budget request for FY 2004 give high priority to the maintenance of current operations and funding of key initiatives in K-12 public schools and Idaho's colleges and universities as follows:

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

The Governor supported portions of this recommendation in his FY04 budget.

PUBLIC SAFETY, TRANSPORTATION & NATURAL RESOURCES

PS,T,NR RECOMMENDATION #1

Support the expansion of community-based prevention programs for “at risk” youth to decrease the need for treatment and/or incarceration of juvenile offenders.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Governor Kempthorne recognizes and supports the need for expanding community-based prevention programs for “at risk” youth. The Department of Juvenile Corrections has recently implemented Functional Family Therapy (FFT), a family-based prevention and intervention program that has been applied successfully in a variety of contexts to treat a range of these high-risk youth and their families. The progress and success of the FFT model will continue to be monitored throughout the State of Idaho. As the budget outlook improves, the Governor will continue to look for additional community-based alternatives to incarceration for our juvenile offender population.

PS,T,NR RECOMMENDATION #2

Support creative, community-based sentencing alternatives for juvenile offenders (for example, the Reclaim Ohio Project.)

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

This recommendation will require significant consideration to determine the long-term impact on the Juvenile Justice system.

PS,T,NR RECOMMENDATION #3

We recommend the Governor appoint a group of policy makers, including legislative leadership, to work with the VERA Institute of Justice to assess sentencing for adult offenders in Idaho. Sentencing should be reviewed to determine if current sentencing laws and policies are appropriate for the crime that was committed. While some sentences may be reduced, others may increase for certain crimes.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its possible merits.

PS,T,NR RECOMMENDATION #4

Appoint an Interim or Ad Hoc Legislative committee to explore reinstituting “good time release” policies for adult offenders in an effort to substantially reduce the growth rate in prisons. Good time should be tied to successful program completion and/or good behavior and should also be considered for offenders on community supervision.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its possible merits

PS,T,NR RECOMMENDATION #5

Support specialized treatment, and funding for inmates with mental illness being held within the state correctional system.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

This recommendation would require additional funding, which is unlikely during Idaho’s current budget situation. When the budget situation improves, the Governor will re-evaluate this recommendation.

PS,T,NR RECOMMENDATION #6

Support specialized treatment, funding, and alternative housing for geriatric inmates held within the state correctional system. Many of these offenders could be supervised in the community.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

Under specific guidelines, the Governor supports specialized treatment and alternative housing for geriatric inmates. This recommendation will be further examined when the budget outlook improves.

PS,T,NR RECOMMENDATION #7

Support specialized treatment and funding for the sex offender special population group held within the state correctional system.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

This recommendation would require additional funding. When the budget situation improves, the Governor will re-evaluate this recommendation.

PS,T,NR RECOMMENDATION #8

Support specialized treatment, and funding for the substance abuse population held within the state correctional system, in particular the development of a chemical dependency treatment facility (CDT).

ACTION:

Accepted ☒ **Modified**___ **Other**___

The Idaho Department of Correction currently has one substance abuse program that deals with CDT – the Parole Release Center at the Southern Idaho Correctional Institution (SICI). Many counties are also beginning community-based CDT programs with the money they receive from the State of Idaho to house inmates.

Additional funding would be necessary to further expand these programs, especially for the Department of Health and Welfare to be able to expand their system on transition programming for parolees. When the budget situation improves, the Governor will continue his commitment to substance abuse treatment for the state's offender population.

PS,T,NR RECOMMENDATION #9

Continue to review state-owned properties for consolidation, acquisition and/or disposal using established criteria developed to ensure that such consolidation, acquisition or disposal provides an adequate return to the endowment beneficiary.

ACTION:

Accepted ☒ **Modified**___ **Other**___

Governor Kempthorne supports this as an ongoing position of the Department of Lands and Land Board.

PS,T,NR RECOMMENDATION #10

Support transfer of the Threatened and Endangered Wildflower Management program from the Department of Parks and Recreation to the Department of Fish and Game.

ACTION:

Accepted ☒ **Modified**___ **Other**___

The Governor supported the introduction of House Bill 67, which addresses the responsibility for the protection of native wild flowers. He signed this bill into law on March 27, 2003. This legislation transfers the responsibility and funding for protection of native wild plants from the Idaho Department of Parks and Recreation to the Idaho Department of Fish and Game.

PS,T,NR RECOMMENDATION #11

Support development of online pesticide licensing by the Department of Agriculture.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

There are some challenges to the implementation of this recommendation, which the Governor and his staff will continue to review.

PS,T,NR RECOMMENDATION #12

Support a request that the Idaho Legislature adopt a concurrent resolution that creates a task force or committee with active participation by Department of Transportation's Visioning committee, counties, cities, highway districts and other entities to study and report issues related to public transportation coordination and funding for urban and rural areas.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

The Governor is in support of this concept.

PS,T,NR SUPPLEMENTAL RECOMMENDATION #13

Amend Section 58-133(3), Idaho Code to allow the state board of land commissioners to hold proceeds from the sale of land in the bank fund for a period not to exceed five (5) years from the effective date of sale.

ACTION:

Accepted ☒ **Modified** ___ **Other** ___

This Governor introduced House Bill 305 – it was approved by the House and Senate, and signed by the Governor at the Blue Ribbon Task Force meeting on April 4, 2003.

PS,T,NR SUPPLEMENTAL RECOMMENDATION #14

Examine providing the Fish and Game Commission with the flexibility to adjust licensing fees within a legislatively set fee range.

ACTION:

Accepted ___ **Modified** ___ **Other** ☒

There are some challenges to the implementation of this recommendation, which the Governor and his staff will continue to review.

PS,T,NR SUPPLEMENTAL RECOMMENDATION #15

Support the judicial branch of government's request for adequate funding to support Drug Courts, Family Courts, and Senior Judges.

ACTION:

Accepted ☒ **Modified**___ **Other**___

In his State of the Budget address, the Governor outlined his recommendation to restore full funding to Drug Courts in his proposed FY04 budget.

PS,T,NR SUPPLEMENTAL RECOMMENDATION #16

Consider amending Sections 23-604, 23-949, 18-1502, 39-5703, 20-505, and 20-506, Idaho Code, to transfer the prosecution and adjudication of misdemeanor tobacco and alcohol possession offenses committed by minors under the Juvenile Corrections Act, where more effective intervention, sentencing alternatives, and follow-up procedures for juveniles are available to the court. These offenses would be prosecuted under the Juvenile Corrections Act by way of a uniform citation to minimize law enforcement and prosecutor time and expense.

ACTION:

Accepted___ **Modified**___ **Other** ☒

The Governor and his staff will continue to review this recommendation and its possible merits.

